Spending Accounts

- Health Care Spending Account (HCSA)
- Dependent Care Spending Account (DCSA)

January 2021 This document replaces any documents previously issued which described your benefits.

Summary Plan Description for
the Duke Energy Health Care Spending Account Plan
and
the Duke Energy Dependent Care Spending Account Plan
As in Effect on January 1, 2021

IMPORTANT NOTICE

This booklet is the summary plan description (SPD) for the Duke Energy Health Care Spending Account Plan (HCSA) and the Duke Energy Dependent Care Spending Account Plan (DCSA) as of January 2021 and replaces all prior descriptions of the HCSA and the DCSA (collectively, the "Spending Accounts"). It is intended to provide an easy-to-understand explanation of your Spending Account benefits.

This SPD addresses eligibility for coverage under the Spending Accounts, how to enroll, opportunities to make mid-year changes, when coverage ends and how you and your eligible dependents may be able to continue coverage under the HCSA if coverage ends. It also contains information such as who provides coverage, who administers the Spending Accounts, who decides claims for benefits, ERISA rights for the HCSA and Duke Energy Corporation's right to amend or terminate the Spending Accounts.

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Highlights of Your Spending Accounts

Duke Energy Corporation ("Duke Energy") offers the Spending Accounts to help you save taxes on many of your health and dependent care expenses. The Spending Accounts are administered by Alight Solutions.

By anticipating your eligible health care and dependent care expenses and electing to have an amount deducted from your pay and contributed to one or both Spending Accounts each pay period, you can save money by paying for these expenses with pre-tax rather than after-tax dollars.

Due to these tax-saving features, there are special rules applicable to these types of spending accounts. For example, you must use all of the money set aside in your Spending Accounts for eligible expenses incurred during the calendar year, or you forfeit the unused balance. Before you enroll, be sure you understand how the Spending Accounts work.

The boxes below provide a brief overview of your Spending Account benefits.

Benefits Overview – Spending Accounts

Health Care Spending Account (HCSA)

Highlights	• You may contribute on a pre-tax basis to the HCSA to help pay for unreimbursed health care (medical, dental and vision care) expenses for you and your eligible dependents. • You may contribute from $120 to $2,750 per year.
Cost	• You contribute to the HCSA on a pre-tax basis through payroll deductions. • Duke Energy pays the administrative costs of the HCSA.

Dependent Care Spending Account (DCSA)

Highlights	• You may contribute on a pre-tax basis to the DCSA to help pay for unreimbursed child and elder care services incurred so that you (or you and your spouse if you are married) can work. • You may contribute the least of the following: – $5,000 (or $2,500 if you are married but filing a separate tax return); – your earned income for the year (after all reductions in your compensation including contributions used to pay the cost of health coverage and the Spending Accounts); and – your spouse's actual or deemed income for the year. • The minimum amount you may contribute is $120 per year. • The DCSA is **<u>not</u>** for reimbursement of dependent <u>health</u> care claims.
Cost	• You contribute to the DCSA on a pre-tax basis through payroll deductions. • Duke Energy pays the administrative costs of the DCSA.

Duke Energy myHR™ Service Center

If you have any questions about enrolling in the Spending Accounts or the information in this SPD, contact the Duke Energy myHR Service Center at 888-465-1300. Information also is available on the *Your Spending Account*™ (YSA) website.

Eligibility

Eligible Employees

Generally, you are eligible for coverage under the Spending Accounts on your first day of active work as an eligible employee (provided you enroll within 31 calendar days of the date you become an eligible employee).

To be an eligible employee, you must be identified in and paid through Duke Energy's payroll system as an employee of Duke Energy or an affiliated Duke Energy company that is participating in the Spending Accounts (individually or collectively referred to with Duke Energy as the "Company," as appropriate) and you must be classified by your Company as a:

- regular employee; or
- fixed-term employee.

Generally, you are a regular employee if you fill a regular position that is typically longer than 180 days in duration, and you are a fixed-term employee if you are hired for a position for a specifically defined time frame, duration of a project (usually one year or less), until services are no longer needed, or until the work goes away.

You are not eligible to participate in the Spending Accounts if you:

- have elected to make contributions to a Health Savings Account ("HSA") for the same period of coverage (only applies to the HCSA);
- are a non-resident alien with no U.S. source income;
- are not on a U.S. payroll of the Company;
- are covered by a collective bargaining agreement, unless the collective bargaining agreement in effect expressly provides for participation in the Spending Accounts (a copy of your applicable collective bargaining agreement can be obtained from your union steward, union hall, Duke Energy Labor Relations contact or immediate supervisor);
- are an individual who has waived eligibility through any means, including an individual whose employment is governed by a written agreement (including an offer letter setting forth terms and conditions of employment) that provides the individual is not eligible for benefits (a general statement in the agreement, offer letter or other communication stating that the individual is not eligible for benefits is construed to mean that the individual is not eligible to participate in the Spending Accounts); or
- are a temporary employee, a seasonal employee or any other employee who is not a regular employee or fixed-term employee.

In some circumstances, an individual who provides services to the Company under an agreement that identifies the individual as an independent contractor or through a third party (such as a contracting services firm, temporary agency or leasing organization) may be considered a Company "employee" for certain purposes under the law, such as tax withholding. Such an individual is not paid through the Company's payroll system and is not eligible for the Spending Accounts.

Enrolling in the Spending Accounts

When You Are First Eligible

Participation in one or both Spending Accounts is voluntary. You may decline participation.

To enroll in one or both of the Spending Accounts, you must make your election(s) within 31 calendar days of the date you become an eligible employee. If you do not make your election(s) within 31 calendar days of becoming eligible, your next opportunity to elect coverage under a Spending Account is during annual enrollment or within 31 calendar days of a work/life event for which mid-year changes are allowed. Please see *Mid-Year Changes* for additional information.

When you are eligible to enroll, you will make your elections using an online enrollment tool. You will receive additional information about the online enrollment tool when you become eligible. If you enroll as a new hire, you authorize the Company to withhold a designated amount from each pay for the remainder of the calendar year, unless you experience a work/life event for which mid-year changes are allowed. Please see *Mid-Year Changes* for additional information.

During Annual Enrollment

Each fall you will have the opportunity to change your coverage elections for the following plan year. This process is referred to as "annual enrollment." You will receive information and instructions each fall about annual enrollment.

When you enroll at annual enrollment, you authorize the Company to withhold a designated amount from your pay for the next calendar year. This amount is then divided evenly and deducted on a pre-tax basis every pay period, unless you experience a work/life event for which mid-year changes are allowed. Please see *Mid-Year Changes* for additional information.

To continue participating in the Spending Accounts, you must re-enroll for each year, for coverage effective January 1 of that year.

If you have questions or need assistance in making your enrollment elections, contact the Duke Energy myHR Service Center.

If You Are Rehired

If your coverage ends due to your termination of employment with the Company or layoff and you are reemployed by the Company as an active employee within 31 calendar days and within the same plan year, you will be automatically reenrolled in the Spending Accounts at your previous coverage level, except that the level of coverage will be reduced by any amounts that would have been, but were not, contributed during the period during which you were not participating. However, if you have experienced a work/life event for which you can make a mid-year change, such as marriage, divorce or birth (see *Mid-Year Changes*), you can change your coverage within 31 calendar days of the date that you again become an eligible employee.

If you are reemployed more than 31 calendar days after your termination or within 31 calendar days after your termination but during a subsequent plan year, you must reenroll as a new employee.

Cost of Coverage

Your contributions to the Spending Accounts are deducted from your pay on a pre-tax basis each pay period. Because your contributions are taken as deductions on a pre-tax basis, they are not subject to federal income, Social Security, Medicare and most states' income taxes.

Even though you reduce your income for tax purposes through pre-tax contributions to the Spending Accounts, you are not reducing the value of your other Company pay-related benefits, such as life insurance, disability insurance and retirement benefits. These benefits are based on your pay before contributions for Spending Account coverage are deducted.

Your pre-tax contributions may affect your future Social Security retirement and disability benefits. This could happen if your pre-tax contributions reduce your taxable pay below the Social Security wage base.

Duke Energy pays the administrative costs of the Spending Accounts to the extent not paid by forfeitures (see *Use-it-or-lose-it Rule*).

When Coverage and Contributions Begin

When you make your coverage elections as a newly eligible employee, coverage begins on the date you become an eligible employee (provided you make your elections within 31 calendar days of becoming an eligible employee). Deductions for your contributions begin as soon as administratively practicable following the date that you make your elections.

When you make your coverage elections during annual enrollment, coverage begins on January 1 of the following calendar year. Deductions for your contributions begin the first pay period of the following calendar year.

Mid-Year Changes

Under federal tax rules, once you have made your election for the year, you may not change it during that year unless you have a work or life event for which a mid-year election change is permitted and the work or life event results in the gain or loss of eligibility for coverage. Specific information about these "work/life" events and allowable mid-year election changes is available through the myHR website accessible through the Duke Energy Portal, or by contacting the Duke Energy myHR Service Center. A "mid-year election change" refers to any change made to your Spending Account coverage during a calendar year due to a work or life event that results in the gain or loss of eligibility for coverage.

If you experience a work/life event for which mid-year election changes are allowed, you have 31 calendar days from the date of the event (for example, your marriage date) to change your elections. Otherwise, unless a subsequent work/life event giving rise to a mid-year election change occurs, you cannot change your coverage elections until annual enrollment.

If you are eligible to make changes, the elections you make must be consistent with and on account of the work/life event.

Work/life events for which mid-year election changes are allowed include the following:

- Your legal marital status changes
  - you get married
  - you get divorced or have your marriage annulled
  - you get legally separated and lose coverage under your spouse's employer plan
  - your spouse dies
- The number of your eligible children changes
  - you have, or adopt, a child
  - you become the legal guardian of a child
  - with respect to the HCSA, a Qualified Medical Child Support Order ("QMCSO") is received (If a QMCSO is issued requiring coverage for your child, you may change your coverage election to provide coverage for your child. You also may make an election change to cancel coverage if the order requires the child's other parent to provide coverage.)
  - your child dies
- There are significant changes in your dependent day care provider's fees
- You change your day care provider
- Your spouse's benefits coverage changes because he or she gains or loses coverage due to a change in eligibility as a result of a change in employment status or work schedule
- You die

When Mid-Year Coverage and Contribution Changes Are Effective

This section outlines the timing of coverage and contribution changes when you (i) elect to start or increase coverage due to a work/life event, (ii) elect to decrease or terminate coverage due to a work/life event or (iii) stop or decrease coverage due to becoming ineligible for coverage (for example, you are approved for long-term disability benefits).

- **Start or Increase Coverage**. If you elect to start or increase your coverage due to a work/life event, your coverage changes on the day the work/life event occurred. In order for the change to take effect on the day the work/life event occurred, you must notify the Duke Energy myHR Service Center within 31 calendar days of the work/life event. Changes to your contribution amounts are effective as soon as administratively practicable after you submit your election changes.

- **Elective Decrease or Termination of Coverage**. If you elect to decrease or terminate coverage due to a work/life event, your coverage changes on the first day of the month after you submit your election changes. You must notify the Duke Energy myHR Service Center within 31 calendar days of the work/life event in order for the change to become effective on the first day of the month after you submit your election changes. Changes to your contribution amounts are effective as soon as administratively practicable after you submit your election changes.

- **Decrease or Termination of Coverage Due to Loss of Eligibility**. Coverage for individuals who are no longer eligible ends at midnight on the last day of the month in which the individual loses eligibility for coverage. Changes to your contribution amounts generally are effective as soon as administratively practicable after you submit your election changes provided that you notify the Duke Energy myHR Service Center within 31 days of the loss of eligibility.

How the Spending Accounts Work

Whether you elect coverage in the HCSA, the DCSA, or both, they basically work the same way:

- You estimate your eligible expenses for the upcoming calendar year.
- You decide how much to contribute to one or both accounts to cover your needs for the upcoming year.
- The Company deducts your contributions before federal, Social Security, Medicare and most states' income taxes are calculated, and credits your contributions to one or both Spending Accounts set up in your name.
- When you incur an eligible DCSA expense, you will need a receipt from your caregiver showing the caregiver's name, taxpayer ID number, the child's (or dependent adult's) name, the amount, the date of service and the caregiver's signature.
- For the HCSA, you must first submit your expenses to any health plan under which you are covered. Any expenses not covered by these plans may then be submitted for reimbursement to your HCSA. If you use the debit card provided to you to pay for your expenses, your eligible health care expenses are automatically deducted from your HCSA and electronically reimbursed to the applicable provider or merchant. See *Debit Card Option* for details.
- You are reimbursed with pre-tax dollars from the appropriate Spending Account if the method of reimbursement is manual submission. If you use the debit card provided to you to pay for your expenses, your eligible expenses are paid from your HCSA with pre-tax dollars at the time they are incurred.

"Use-it-or-lose-it" Rule

You are required to use up all of the money in your Spending Accounts for each calendar year ending December 31. *Any money left in your Spending Accounts after all of your eligible* *expenses for the calendar year have been reimbursed will be forfeited.* This is called the "use-it-or-lose-it" rule. It means that, if you have a balance in your Spending Account(s) after all of your eligible expenses for the calendar year have been reimbursed, you must forfeit this balance. Any money you forfeit cannot be returned to you or carried over to meet your expenses in the following calendar year. Once forfeited, the money may be used to reduce the costs of administering the Spending Accounts.

You have until March 31 after the end of the calendar year to submit claims for reimbursement. If you submit claims for reimbursement during the grace period, the claims must be for expenses you incurred during the previous calendar year (and after you became a participant in the Spending Account). **Claims must be received by Alight Solutions no later than March 31 of the following year.** Note, however, that the period from March 1, 2020 through the date that is 60 days after the announced end of the national emergency related to the COVID-19 pandemic, or such other date announced by federal agencies (the "Outbreak Period"), will be disregarded in determining the deadline for submitting claims for reimbursement, in accordance with applicable legal guidance.

Due to the "use-it-or-lose-it" rule, you should carefully estimate your health care and dependent care expenses for the next year. If you are expecting a child, refer to the section about submitting maternity expenses for reimbursement through the HCSA.

You will receive quarterly statements to remind you of your Spending Account balance(s).

No Interest or Withdrawals

Both the HCSA and the DCSA let you pay for eligible expenses with tax-free dollars. However, the amounts credited to your HCSA and DCSA do not earn interest.

Once contributions have been deducted from your pay, they must be credited to your Spending Accounts and, unless you are eligible for a Qualified Reservist Distribution as provided in *Health Care Spending Account (HCSA) Features* below, can be used only to reimburse you for eligible expenses.

Health Care Spending Account (HCSA) Features

You may use your HCSA to pay for many eligible health care expenses incurred by you and your eligible dependents that are not paid or reimbursed by any health care plan. To be eligible, health care expenses must be:

- incurred on or after the date your participation in the HCSA began;
- incurred during the calendar year in which you contributed to the HCSA, while you were a participant in the HCSA; and
- deductible for federal income tax purposes.

Your health care expenses *cannot* be reimbursable by any other company benefit plan or any other plan (such as your spouse's health plan) and *cannot* have been submitted for reimbursement under any other health care spending account (such as your spouse's health care spending account). For these purposes, a health plan includes any medical, dental, vision care or prescription drug plan.

You may want to discuss the advantages of participating in the HCSA with your financial or tax advisor.

Contribution Amounts

You may contribute as little as $120 or as much as $2,750 per year to the HCSA for eligible health care expenses. However, your HCSA contributions may not exceed your annual taxable income. The entire amount you elect to contribute to the HCSA for the calendar year is available to you on the date your coverage takes effect, even if the reimbursement request exceeds the amount credited to your HCSA as of the date of the request.

The IRS requires that Duke Energy perform and pass certain tests (*i.e.*, nondiscrimination testing that applies to highly compensated individuals) in order for your benefits to be non-taxable. The amount that you elect to contribute to the Spending Accounts may have to be reduced (possibly to zero) so the Spending Accounts pass these tests. If these limits apply to you, you will be notified.

Eligible Dependents

Because the HCSA provides a form of tax-free health coverage (that is, you are not taxed on amounts reimbursed from your HCSA) reimbursement is restricted to eligible health care expenses for you and your eligible dependents. Your eligible dependents include:

- your eligible spouse
- your eligible child(ren)

Spouse Eligibility

Your spouse, eligible for coverage as a dependent, is a person to whom you are legally married under applicable state law and any related federal guidance, which may include “common law marriage” and “same-sex marriage.”

Child Eligibility

Your child is:

- your biological child, up to age 26; **or**
- your legally adopted child, including a child placed in your home for legal adoption by you as long as the child remains in your home and the adoption procedure has not been terminated, and whether or not the adoption has become final, up to age 26; **or**
- your stepchild, up to age 26; **or**
- your foster child, up to age 26; **or**
- any other child whom you claim as a dependent for federal income tax purposes.

Your child must meet the Internal Revenue Code requirements for tax-free health coverage in order for his or her qualified medical expenses to be paid from your HCSA on a tax-free basis.

Each time you submit a claim for HCSA reimbursement, whether by submitting a claim form or by using a debit card, you represent that the claim is for yourself or your eligible dependent. Expenses incurred by your same or opposite gender domestic partner are not reimbursable from the HCSA.

Eligible Expenses

Below are some examples of eligible health care expenses under an HCSA; however, these amounts are not eligible for reimbursement to the extent they are reimbursable under any other company benefit plan or any other plan. For a complete list, refer to IRS Publication 502, available from the Internal Revenue Service (800-829-3676 or www.irs.gov). You also may want to consult a tax advisor.

- Acupuncture
- Alcohol/drug rehabilitation – payment to a treatment center (inpatient only) for alcohol or drug addiction
- Ambulance
- Birth control pills (prescribed by a physician) or birth prevention surgery
- Braille books and magazines – reimbursement is limited to those costs that exceed the costs of regular printed editions
- Childbirth classes – classes necessary to reduce pain during labor and delivery (*e.g.*, Lamaze)
- Chiropractors – services within the scope of their license
- Christian Science practitioner services
- Contact lenses and solutions
- Coinsurance, co-payments and deductibles you pay to a company health plan or another health plan (such as a plan in which your spouse or an eligible dependent participates) that are not reimbursed by any other group medical plan
- Dental expenses, including fees for X-rays, fillings, braces, extractions, crowns, orthodontia and other treatments not covered by any group dental plan
- Eyeglasses not covered by any group health or vision plan
- Health care expenses in excess of your health care benefits coverage whether a company health plan or another health plan (such as a plan in which your spouse or other dependent participates)
- Hearing aids – including batteries
- Lead-based paint removal – costs for residences with children who have or had lead poisoning
- Legal fees paid to authorize treatment for mental illness, excluding guardianship or estate management fees
- Prescription drugs
- Nurse – private duty

- Nursing home – for treatment of illness or injury
- Over-the-counter medications taken to relieve pain, colds, and medical conditions
- Oxygen or oxygen equipment
- Routine physical examinations and related charges
- Service animals – costs of obtaining and training a guide dog or other animal to provide assistance to a person with a disability
- Smoking cessation programs, if prescribed by a physician
- Hearing-impaired equipment needed for a hearing-impaired person, including telephone equipment and equipment that displays the audio parts of television programs
- Transportation expenses to receive medical care, including airfare, parking tolls, taxis, rental cars, buses, gas for your car or mileage
- Fees for tutoring recommended by a doctor, for a child who has severe learning disabilities caused by a mental or physical impairment, including nervous system disorders
- Vision correction surgery such as LASIK
- Wheelchairs for disabilities and extra automobile costs to accommodate wheelchairs

Orthodontia Expenses

If you have orthodontia expenses that are not reimbursed under a dental plan, you can submit these expenses to your HCSA and you will be reimbursed by your HCSA based on your monthly payment amount (for payments you make during the HCSA calendar year). If you pay your orthodontia expenses in full (in a lump sum) at the beginning of the course of treatment, the HCSA would reimburse the lump sum amount, up to your annual HCSA contribution amount, but only for the plan year during which the advance (lump sum) payment was made.

Maternity Expenses

Many physicians charge a single fee for maternity care. This fee is charged by the physician when the baby is delivered, and covers most of your prenatal and postpartum care. Some physicians want you to pay your portion of this fee before your child is born (and before they bill your medical coverage). However, your HCSA may reimburse you only for medical expenses that you incur in the calendar year that you have the expense. If you or your spouse is pregnant, talk to your provider about how your maternity expenses will be billed and plan carefully before putting money into your HCSA to pay maternity expenses.

Expenses Not Covered

Health care expenses are not eligible for reimbursement from your HCSA if they do not qualify as a deduction for federal tax purposes or if they are covered under another health plan.

Examples of specific expenses not eligible for reimbursement under an HCSA include:

- Cosmetic surgery expenses, including dental procedures to whiten or cap teeth, and any other procedures that are strictly cosmetic
- Health plan premiums (contributions for coverage you or your spouse makes)
- Any expenses you incur before your HCSA participation begins
- Funeral and burial expenses
- Any portion of a health care expense payable by a group insurance plan
- Any portion of an expense you claim as a tax deduction or credit
- Marriage or family counseling
- Fees for missed medical or dental appointments
- Health club memberships
- Maternity clothes or diaper services

If you have questions about a HCSA expense, please call the Duke Energy myHR Service Center. You also may contact the IRS directly (800-829-3676) or visit the IRS website (www.irs.gov) to obtain a copy of Publication 502 for a complete list of eligible expenses.

Reimbursement of HCSA Expenses

The amounts you contribute to your HCSA are available to reimburse you for eligible health care expenses that you incur during the calendar year (and while you are participating in the HCSA). You may receive reimbursement for eligible health care expenses you submit, up to the total amount you have elected to contribute for the year, even if the reimbursement request exceeds your accumulated contributions to date.

Your HCSA coverage amount will be reflected in your account:

- on January 1 for elections made during annual enrollment; or
- as soon as administratively practicable after your election date for newly eligible employees.

As an alternative to using your debit card, you can still choose to file requests for reimbursement of eligible expenses on an HCSA claim form, which is available from the Duke Energy myHR Service Center (888-465-1300) or from the YSA website.

When you or your eligible dependents incur a qualified medical expense, you can file a claim by completing and submitting a request for reimbursement form in accordance with the procedures established by the Plan Administrator.

Claims for reimbursement must be accompanied by:

- a signed claim form;

- a written statement from an independent third party stating the type of expense that has been incurred, the date it was incurred and the amount (*e.g.*, an explanation of benefits or a cash register receipt); and
- a signed statement (included on the claim form) that the medical expense has not been reimbursed or is not reimbursable under any other health plan.

In those instances where the cash register receipt does not have all the required information, you must have a store employee write the missing information on the receipt (the item's name must be clearly identified with the item's price), sign the receipt, and date the signature.

Verbal or handwritten information will be accepted for explanations of abbreviations or labels or box tops where the price is visible and correlates with the amount being claimed. Verbal or handwritten information will NOT be accepted for general merchandise, illegible receipts, credit card receipts or statements with a forwarding balance.

If a claim is filed and (1) the receipt (or similar third-party documentation) does not include all of the required information or (2) a completed and signed claim form is not provided, the claim will be denied and you will receive an Explanation of Benefits stating that the claim has been received and denied.

You have until March 31 following the end of the calendar year to submit claims for reimbursement. If you submit claims for reimbursement during the grace period, the claims must be for expenses you incurred during the previous calendar year (and while you were a participant in the HCSA). Claims must be received by Alight Solutions no later than March 31 of the following year. Note, however, that the Outbreak Period will be disregarded in determining the deadline for submitting claims for reimbursement, in accordance with applicable legal guidance.

All claims submitted will be carefully reviewed and the eligibility of an expense may be denied if it appears not to meet the IRS guidelines. Reimbursement for expenses that are determined to be qualified medical expenses will be made as soon as possible after the claim is received and processed and will be mailed to your home or directly deposited into a bank account of your choosing if that payment option is selected. Reimbursements may not be made directly to the service provider unless you use the *Your Spending Account*™ card (YSA card) under the debit card option described below. The balance in your HCSA will be reduced by the amount reimbursed with respect to your and your eligible dependents' qualified medical expenses. If the expense is determined to not be a "qualified medical expense," you will receive written notification of this determination.

Debit Card Option

The HCSA includes a debit card option. After you enroll in the HCSA, you will be provided with the *Your Spending Account* Card (YSA card), which is a debit card that you can use so that your eligible health care expenses are automatically deducted from your HCSA and electronically reimbursed to the applicable provider or merchant.

Here are some important things to consider before using the YSA card.

- Before using the YSA card, you must call to activate your card. You will be required to set up a Personal Identification Number (PIN) prior to activating your card. When you activate the card, you are agreeing to the YSA card terms and conditions, so be sure you understand these requirements.

- You can present your YSA card to pay for eligible expenses at qualified locations where the YSA card is accepted. For example, you can pay for your share of contact lenses at the point of service, over the web, by phone or by mail using the YSA card. The balance in your account is verified and the payment is deducted. You must keep receipts for all of your purchases.

- Be sure to pay for non-medical items separately. You can use your card only for eligible health care expenses. For example, if you are paying for a prescription along with personal items such as toothpaste and shampoo at a pharmacy, you'll need to pay for the personal items separately with another form of payment.

- File a paper claim for reimbursement if a transaction is denied or your service provider doesn't accept the YSA card. Simply pay for the expense with another form of payment, and then complete and return a claim form to receive reimbursement.

- Save all your receipts to verify the eligibility of an expense. The IRS requires the HCSA to validate that all card transactions are used for eligible health care expenses. If the HCSA is unable to automatically validate your YSA card transaction, you will be required to mail or fax a copy of your receipt(s) to Alight Solutions. If you cannot provide this documentation, your YSA card will be suspended. You may also be required to repay the HCSA for the reimbursement. See *Overpayments, Mistaken Payments and Unsubstantiated Claims* for more information.

Unpaid eligible expenses that are not reimbursed through the debit card option must be submitted for reimbursement using a HCSA claim form as described above.

Overpayments, Mistaken Payments and Unsubstantiated Claims

If it is later determined that you and/or your eligible dependent(s) received an overpayment or that an expense for which you received reimbursement was not a qualified medical expense, you will be required to return the overpayment or erroneous reimbursement to the HCSA. In addition, if you are asked to substantiate that an expense for which you received reimbursement was a qualified medical expense by providing applicable documentation, and you are unable to do so, you will be required to return the improper reimbursement to the HCSA.

If you do not refund the overpayment, erroneous payment or improper reimbursement, it will be treated as taxable income to you and reported on Form W-2. In addition, the HCSA reserves the right to offset future reimbursements equal to the overpayment, erroneous payment or improper reimbursement or take other appropriate actions. With respect to overpayments, erroneous payments and improper reimbursements, the HCSA has an equitable lien under which it has the right to recover from you.

Qualified Reservist Distributions

If you are a military reservist and you are called to active duty for an indefinite period or a period of at least 180 days, you may be eligible to receive a distribution from your HCSA without regard to whether those amounts are being used to reimburse eligible health care expenses. Contact the

Duke Energy myHR Service Center to initiate a qualified reservist distribution from your HCSA. Any such distribution will be taxable to you as wages.

Dependent Care Spending Account (DCSA) Features

Dependent care or elder care expenses are eligible for reimbursement through the DCSA if they are incurred to enable you to work or, if you are married, to enable you and your spouse to work. Generally, if your spouse is not employed, your dependent care expenses will be eligible for reimbursement only if your spouse is a full-time student or physically or mentally unable to care for himself or herself.

Dependent care expenses must be for your dependent child under age 13 who lives with you and whom you claim as an exemption on your federal income tax return, or for a dependent of any age, such as an elderly parent or other dependent, who:

- is physically or mentally incapable of caring for himself or herself;
- lives in your home for at least half of the year; and
- qualifies as a dependent on your income tax return.

Each time you submit a claim for DCSA reimbursement, you represent that the claim is for an eligible dependent.

Contribution Amounts

According to IRS rules, you may contribute up to $5,000 per household, per year, for dependent care expenses if you are married and file a joint income tax return, or if you are single and file as head of household. If you are married and file a separate income tax return, you may contribute up to $2,500 per year. If you contribute, the minimum contribution is $120 per year. Your DCSA contribution amounts will be reflected in your account as soon as practicable following the processing of the applicable payroll cycle.

Your contributions cannot exceed your annual taxable income or the annual taxable income (or deemed income) of your spouse, whichever is less. If your spouse is a full-time student at an educational institution during each of five calendar months during the plan year or is physically or mentally incapable of self-care, he or she will be deemed to have earned income for each month during which he or she is such a student or so incapable equal to $250.00 if you have one eligible dependent and $500.00 if you have two or more eligible dependents.

The IRS requires that Duke Energy perform and pass certain tests (*i.e.*, nondiscrimination testing that applies to highly compensated individuals) in order for your benefits to be non-taxable. The amount that you elect to contribute to the Spending Accounts may have to be reduced (possibly to zero) so the Spending Accounts pass these tests. If these limits apply to you, you will be notified.

Eligible Expenses

Eligible expenses under a DCSA include those paid for the following services:

- After-school program

- Agency fee – agency fees, application fees and deposits paid to an adult or child care agency (excluding any transportation costs) to obtain the related care (fees are eligible for reimbursement after the services have started)
- Babysitter (nanny or home care companion), excluding payments made to caregiver/child to allow an evening out
- Day camp
- Day care – in your home or elsewhere (wages to home day care provider or day care center charges)
- Home care for older dependents (non-medical care in your residence for dependent(s) over the age of 13)
- Household services – wages paid to a housekeeper for providing care for a dependent (but only the portion of the charges attributable to the dependent's care)
- Nursery school tuition
- Taxes for caregiver wages – taxes paid for services of a home child care provider such as a nanny, housekeeper or au pair

If you pay a relative for dependent care, the caregiver may not be a child of yours younger than age 19, a dependent you claim as an exemption for federal income tax purposes, your spouse or a parent of your child who is not your spouse.

Important*:* To use the DCSA, you must report the name, address and Social Security number or other taxpayer identification number of the dependent care provider on your federal income tax return. You should obtain this information before you enroll in the DCSA to avoid problems when you file a claim for reimbursement.

Expenses Not Covered

Expenses that do not qualify for reimbursement include:

- Payments to your child who is under age 19 and who is caring for a younger child
- Education – various costs for kindergarten or higher
- Food or clothing expenses
- Nursing home care – care provided around-the-clock
- Overnight camp expenses
- Expenses in excess of your taxable income or the taxable (or deemed) income of your spouse, whichever is less (see *Contribution Amounts* above for rules regarding your spouse's deemed income)
- Expenses incurred when you are not working
- Expenses incurred prior to the coverage date or after the calendar year ends
- Expenses claimed as a deduction or credit for federal or state tax purposes

- Other expenses not eligible according to IRS guidelines, such as your dependents' health care expenses

DCSA versus Federal Tax Credit

The DCSA is not the only way you can realize tax savings for dependent care expenses. Before deciding to contribute to the DCSA, you should consider if the federal dependent care tax credit might provide you with a greater tax advantage.

The federal dependent care tax credit permits you to take a credit on your tax return equal to a percentage of your eligible expenses, within certain limits. The amount of this credit depends on the amount of your dependent care expenses, your taxable income and the number of dependents receiving care.

You may not, however, use the same expense for both types of tax savings. In fact, the IRS requires that expenses eligible for the federal tax credit be reduced, dollar-for-dollar, by any reimbursements you receive from the DCSA.

You may want to discuss the advantages of participating in the DCSA with your financial or tax advisor.

If Your Spouse Participates In a DCSA

If you are married and file a joint tax return, you and your spouse may not contribute more than $5,000 in total to dependent care spending accounts. This means that, if your spouse contributes $2,000 to his or her employer's dependent care spending account, you cannot contribute more than $3,000 to yours. If one of you earn (or is deemed to earn) less than $5,000, your combined total contribution cannot be greater than the lower salary. If you and your spouse file separate tax returns, you may each contribute up to a maximum of $2,500 per year. See *Contribution Amounts* above for additional information about deemed income.

Mistaken DCSA Elections

If you elect to contribute to a DCSA for a calendar year, and your election is made in error, your error may be corrected in certain circumstances, depending on the nature of your error and when you provide notice of the error. The following describes the circumstances under which a mistaken DCSA election may be corrected.

If you are not eligible for reimbursements under a DCSA because you do not have any eligible dependents, you have not filed any claims for reimbursement under the DCSA, and you submit a claim to Alight Solutions Claims and Appeals Management in accordance with the claims procedures described in *Eligibility or Enrollment Claims* below either before or within 60 days after the effective date of your coverage (January 1 for elections made during annual enrollment or your date of hire for elections made within 31 calendar days after your date of hire), your DCSA coverage election for the calendar year will be cancelled, and contributions made to your DCSA for the calendar year will be refunded through payroll. If you do not submit your claim either before or within 60 days after the effective date of your coverage, your claim for cancellation of your DCSA coverage election will be denied, and you will be required to continue contributing to a DCSA for the remainder of the calendar year unless you have a work/life event for which mid-year election changes are allowed.

If you are eligible for reimbursements under the DCSA but you intended to elect to contribute to an HCSA instead of a DCSA, you have not filed any DCSA claims, you attest through a notarized statement the nature of the mistake, you have a history of Spending Account participation that supports your claim (*e.g.*, you have consistently elected to contribute to an HCSA, but not a DCSA), and you submit a claim to Alight Solutions Claims and Appeals Management in accordance with the claims procedures described in *Eligibility or Enrollment Claims* below either before or within 60 days after the effective date of your coverage (January 1 for elections made during annual enrollment or date of hire for elections made within 31 calendar days after your date of hire), your DCSA coverage election will be cancelled for the calendar year, an HCSA will be established in your name (retroactively in the event you submit your claim within 60 days after the effective date of your coverage) and the amount you elected to contribute to a DCSA for the calendar year will be credited to the HCSA. If you do not submit your claim either before or within 60 days after the effective date of your coverage, your claim for transfer of amounts from your DCSA to your HCSA will be denied, and you will be required to continue contributing to a DCSA for the remainder of the calendar year unless you have a work/life event for which mid-year election changes are allowed.

Important Considerations

The Spending Accounts can help you manage your health care and dependent care expenses and provide tax savings, but there are important limits, including the limits noted below.

- You must use your Spending Account(s) for expenses you incur and pay for during the calendar year for which you are enrolled.
- You may not change or stop your contribution amounts during the year unless you experience a work/life event for which changes are allowed (see *Mid-Year Changes*), and any change must be consistent with and on account of the work/life event.
- If you enroll in a DCSA and/or an HCSA, you cannot transfer amounts from one account to the other.
- These accounts are "use-it-or-lose-it" benefits. You must use all the money in your Spending Account(s) for eligible expenses incurred during the calendar year. Any money left in your Spending Accounts after all eligible expenses have been reimbursed for the year is forfeited – so plan carefully.
- You have until March 31 after the end of the calendar year to submit claims for reimbursement. If you submit claims for reimbursement during the grace period, the claims must be for expenses you incurred during the previous calendar year (and after you became a participant in the HCSA or the DCSA). Claims must be received by Alight Solutions no later than March 31 of the following year. Note, however, that the Outbreak Period will be disregarded in determining the deadline for submitting claims for reimbursement, in accordance with applicable legal guidance.

  To use the DCSA, you must report the name, address and Social Security number or tax ID number of the care provider, unless it is a tax-exempt organization, when you file your claim.

Other Important Information

When Contributions End

Your contributions to the Spending Accounts will end on the date you:

- terminate your employment with the Company (including retirement);
- become permanently and totally disabled;
- commence a leave of absence, except that contributions to the HCSA will not automatically end if your leave qualifies under the Family and Medical Leave Act (FMLA) and contributions to the HCSA will not end while you are on a paid leave;
- participate in a work stoppage;
- fail to return to work following an FMLA leave;
- cease to be an eligible employee;
- elect not to participate due to a mid-year election change; or
- die.

Your contributions to the Spending Accounts also will end in the following situations:

- at the end of a calendar year (if you have not reenrolled for the next calendar year); or
- upon termination of the Spending Accounts.

Although contributions stop, you (or your estate) may submit eligible expenses as follows:

- if you are a HCSA participant, you may submit eligible expenses incurred up to the date your HCSA participation terminates, up to the total amount you elected to contribute for the year (less previous reimbursements); and
- if you are a DCSA participant, you may submit eligible expenses incurred up to the end of the year in which your DCSA participation ends, up to the balance in your DCSA as of the date your DCSA participation ends.

Claims must be received by Alight Solutions no later than March 31 of the following year. Note, however, that the Outbreak Period will be disregarded in determining the deadline for submitting claims for reimbursement, in accordance with applicable legal guidance.

In certain cases, you and your eligible dependents may continue participation in a HCSA through COBRA. Contributions would be made on an after-tax basis pursuant to the applicable COBRA rules, and you or your dependents, as applicable, will have to pay a 2% administrative fee. HCSA continuation under COBRA is generally available only if you have unclaimed money remaining in your HCSA. If you had already claimed more money than you had contributed to your HCSA, you and your dependents would not be eligible to continue participation under COBRA. Contact the Duke Energy myHR Service Center for additional information regarding the ability to continue participation in the HCSA through COBRA.

You may not continue participation in the DCSA after you terminate employment. You have to be actively at work to participate in the DCSA. However, you may submit eligible expenses incurred up to the end of the year in which your DCSA participation ends as described above.

Benefits if You Die

If you die during the calendar year, your estate or dependents may be reimbursed from your HCSA for eligible expenses you incurred prior to your death, up to the total amount you elected to contribute for the year (less previous reimbursements). Your eligible dependents also may elect to continue participation in a HCSA through COBRA. Your estate or dependents may be reimbursed from your DCSA for eligible expenses incurred prior to your death, up to the balance in your DCSA at the time of your death. Requests for reimbursement of these expenses must be made by March 31 after the end of the calendar year. Note, however, that the Outbreak Period will be disregarded in determining the deadline for requesting reimbursement of these expenses, in accordance with applicable legal guidance.

If You Are on an Authorized Paid Leave of Absence

While you are on an authorized paid leave of absence, your contributions to the HCSA will continue. Contact the Duke Energy myHR Service Center for additional information regarding your continued coverage under the HCSA during an authorized paid leave of absence.

If You Are on an Authorized Family and Medical Leave Act (FMLA) Leave of Absence

While you are on an authorized paid leave of absence under the Family and Medical Leave Act (FMLA), you continue to make contributions to your HCSA through pre-tax payroll deductions in the same manner as an active employee.

If you are on an authorized unpaid leave of absence under the FMLA, you may elect to either (1) revoke your coverage under and contributions to the HCSA during your period of leave or (2) continue contributing to the HCSA during your period of leave. If you elect to continue contributing to the HCSA during your period of leave, you will be billed for your contribution amounts, which will be paid on an after-tax basis.

Contact the Duke Energy myHR Service Center for additional information regarding your coverage under the HCSA during an authorized FMLA leave of absence.

If You Become Disabled

If you begin receiving disability benefits under the Duke Energy Short Term Disability Plan or the Duke Energy Long Term Disability Plan, you may be eligible for continued coverage under the HCSA. Contact the Duke Energy myHR Service Center for additional information regarding your ability to continue coverage under the HCSA if you begin receiving disability benefits.

If You Become Divorced

Divorce is considered a work/life event for which certain mid-year election changes may be allowed. If you become divorced and want to make a change, you must notify the Duke Energy myHR Service Center within 31 days. You may be required to provide a copy of your divorce decree, if applicable.

When You Reach Age 65

If you continue to work past age 65, your coverage under the Spending Accounts will continue as long as you remain an eligible employee and satisfy the requirements of the Spending Accounts.

If You Leave the Company

If your employment with the Company terminates, your coverage under the HCSA will end, unless you elect to continue coverage under COBRA. Your coverage under the DCSA will also end. See *When Contributions End* for information on your ability to submit eligible expenses for reimbursement when coverage ends.

If You Retire

If you retire from the Company, your coverage under the HCSA will end, unless you elect to continue coverage under COBRA for the year in which you retire. Your coverage under the DCSA will also end. See *When Contributions End* for information on your ability to submit eligible expenses for reimbursement when coverage ends.

Qualified Medical Child Support Orders (QMCSOs)

If the Company receives notification that, as a result of a QMCSO, you are required to provide HCSA coverage for a dependent child, the Company will:

- notify you (and any other person named in the order) of receipt of the order; and
- within a reasonable period of time (up to 30 days), determine if the child is eligible for coverage under the HCSA and notify you in writing of the decision.

As appropriate to the court order, the child will be enrolled for HCSA coverage, unless there are legal proceedings that dispute the determination. If the court order is disputed, claims processing will be delayed until the dispute is resolved.

If the child’s covered expenses are paid by a custodial parent or legal guardian who is not a participant in the HCSA, reimbursement of these expenses will be made directly to the custodial parent or legal guardian if required by the order. Custodial parents and legal guardians also may sign claim forms and assign benefits to providers. Notification of payment of providers will be sent to the custodial parent.

If you do not comply with the procedures required by the order, the Company may change your coverage status to that required by the court order and deduct the appropriate contributions at the direction of the court.

Your Role

As a participant in the Spending Accounts, please follow these guidelines:

- file accurate claims;
- provide complete and accurate information on claim forms and any other forms; and
- answer all questions to the best of your knowledge.

Any covered person who knowingly intends to defraud the Spending Accounts will be considered guilty of fraud.

Plan Sponsor

Duke Energy Corporation is the sole sponsor of the Spending Accounts. The Company address, telephone number and employer identification number (EIN) are:

Duke Energy Corporation
550 South Tryon Street
Charlotte, NC 28202
980-373-8649
EIN: 20-2777218

Identification Numbers

If you need to correspond with the federal government about the Spending Accounts, you should include in the correspondence the Duke Energy Corporation EIN and the plan number assigned to the Spending Accounts. The HCSA is a component plan under the Duke Energy Active Health & Welfare Benefit Plans, plan number 505 and is an employee welfare benefit plan subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The DCSA is not an employee welfare benefit plan subject to the requirements of ERISA.

Funding

The Company provides benefits under the Spending Accounts from its general assets.

Plan Administrator

The Plan Administrator for the Spending Accounts is the Duke Energy Benefits Committee (the "Benefits Committee"). The Benefits Committee has responsibility and authority to control and manage the operation and administration of the Spending Accounts, except to the extent delegated or assigned to others.

The Benefits Committee may assign or delegate any of its authority or duties to others. The Benefits Committee has appointed Duke Energy Human Resources to serve as the Initial Claim Administrator and the Duke Energy Claims Committee (the "Claims Committee") to serve as Denied Claim Reviewer for claims as to whether an individual is eligible to participate in or obtain coverage under, or whether an eligible individual is enrolled for participation in or coverage under, the Spending Accounts. The Benefits Committee, the Claims Committee and Duke Energy Human Resources may be contacted as follows:

Benefits Committee
Duke Energy Corporation
550 South Tryon Street, DEC38D
Charlotte, NC 28202
704-382-4703

Claims Committee
Duke Energy Corporation
550 South Tryon Street, DEC38D
Charlotte, NC 28202
704-382-4703

Duke Energy Human Resources
Duke Energy Corporation
550 South Tryon Street, DEC38D
Charlotte, NC 28202
704-382-4703

The Benefits Committee has engaged Alight Solutions and Alight Solutions Claims and Appeals Management to provide certain administration and recordkeeping services to the Spending Accounts, including the processing of initial HSCA and DCSA Claims for Benefits (as defined below).

The Benefits Committee has appointed Alight Solutions Claims and Appeals Management to perform the fair and impartial review of appeals of denied HCSA Claims for Benefits. The Company has no discretionary authority with respect to Alight Solutions Claims and Appeals Management's final determinations regarding HCSA Claims for Benefits on appeal. Alight Solutions Claims and Appeals Management may be contacted at the address listed below. You also can obtain additional information by calling the Duke Energy myHR Service Center.

The Benefits Committee, the Claims Committee, Duke Energy Human Resources and, with respect to the appeals of HCSA Claims for Benefits, Alight Solutions Claims and Appeals Management, and/or any delegate thereof, each within its area of authority and responsibility, have power and discretion to construe and interpret the Spending Accounts and to make factual determinations.

Plan Year

The plan year for the Spending Accounts is January 1 through December 31.

Service of Legal Process

The person designated for service of legal process upon the Spending Accounts is:

Corporate Secretary
Duke Energy Corporation
550 South Tryon Street, DEC45A
Charlotte, North Carolina 28202

Legal process also may be served upon the Benefits Committee as Plan Administrator.

Affiliated Employers of Duke Energy That Have Adopted the Spending Accounts

Contact the Duke Energy myHR Service Center for information regarding affiliated employers of Duke Energy that have adopted the Spending Accounts.

Claim Determination Procedures

The following are the two different types of claims that may be made under the Spending Accounts… Claims for Spending Account Benefits and Eligibility or Enrollment Claims.

Claims for Spending Account Benefits are claims made in accordance with the Spending Accounts' procedures for filing benefit claims.

Eligibility or Enrollment Claims are claims as to whether an individual is eligible to participate in or obtain coverage under, or whether an eligible individual is enrolled for participation in or coverage under, the Spending Accounts made in accordance with the Spending Accounts' procedures for filing eligibility or enrollment claims. An Eligibility or Enrollment Claim does not include (i) requests to change your Spending Account participation due to your failure to take action during the applicable election period or (ii) requests to change your Spending Account participation and/or contribution level based solely on a change in your preferred status and/or contribution level.

Claims for Benefits

The Duke Energy Benefits Committee has appointed Alight Solutions to process initial HSCA and DCSA Claims for Benefits.

The Duke Energy Benefits Committee has appointed Alight Solutions Claims and Appeals Management to perform the fair and impartial review of appeals of HCSA Claims for Benefits. The Company has no discretionary authority with respect to Alight Solutions Claims and Appeals Management's final determinations regarding Claims for Benefits on appeal. To file a valid Claim for Benefits, you (or your authorized representative) must follow the claims submission procedures for the Spending Accounts set forth in this SPD and any updating materials.

HCSA Claims

Initial HCSA Claims

Requests for reimbursement of eligible expenses not made through the debit card option described above must be filed on a HCSA claim form, which is available from the Duke Energy myHR Service Center (888-465-1300) or from the YSA website. Claims for reimbursement must be accompanied by the information specified in *Reimbursement of HCSA Expenses* above.

You or your representative will be notified of the determination within 30 days after the request for reimbursement is received. However, if more time is needed to make a determination due to matters beyond the HCSA's control, you or your representative will be notified within 30 days after the request for reimbursement is received. The extension notice will include the date a determination can be expected, which will be no more than 45 days after receipt of the request.

If more time is needed because necessary information is missing from the request, the notice will also specify what information is needed. The determination period will be suspended on the date the HCSA sends such a notice of missing information, and the determination period will resume on the date you or your representative responds to the notice. You will have at least 45 days to respond to the request for information.

In the event of an adverse benefit determination, in whole or in part, you (or your authorized representative) will be notified of the adverse determination in writing.

An adverse benefit determination notification for an HCSA claim will contain:

- the specific reason or reasons for the adverse determination;
- specific references to the pertinent provisions on which the adverse determination is based;
- a description of any additional information or material necessary to perfect the claim and an explanation of why such information or material is necessary;
- an explanation of the HCSA's claims review process and the time limits applicable to such process, including a statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse determination on review;
- if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination, a statement that such a rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other similar criterion is available free of charge upon request; and
- if denial of the claim is based on a medical necessity or experimental or investigative treatment, or a similar exclusion or limitation, a statement that you will be provided, upon request and free of charge, an explanation of the scientific or clinical judgment, applying the terms of the HCSA to your medical circumstances.

<u>Appeals of HCSA Claims</u>

If you disagree with an adverse benefit determination with respect to the HCSA, you (or your authorized representative) can request a review of the initial benefit determination by submitting a written request to Alight Solutions Claims and Appeals Management within 180 calendar days after receipt of the adverse benefit determination. To do so, you must submit an Appeal initiation form. This form can be obtained by calling the Duke Energy myHR Service Center. If your appeal is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it. Note, however, that the Outbreak Period will be disregarded in determining the deadline for requesting a review of an adverse benefit determination, in accordance with applicable legal guidance.

An appeal request to Alight Solutions Claims and Appeals Management must be submitted in writing to:

Alight Solutions Your Spending Account Claims and Appeals Management
P.O. Box 7105
Rantoul, IL 61866-7105

When reviewing an adverse benefit determination that has been appealed, any new information that you provide that was not available or utilized when the initial determination was made will be considered. Someone other than an individual involved in the initial determination, or a subordinate of such individual, will make the determination on appeal.

You will be notified regarding the decision on your claim within 60 days. The determination of your appeal will be in writing and, if adverse, will contain the following:

- the specific reason or reasons for the adverse determination;
- specific references to the pertinent provisions on which the adverse determination is based;
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant to the Claim for Benefits;
- a statement about your right to bring a civil action under Section 502(a) of ERISA following an adverse determination on your appeal, any time limits for filing such a civil action and any available voluntary alternative dispute resolution options;
- if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination, a statement that such a rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other similar criterion is available free of charge upon request;
- if the adverse determination is based on a medical necessity or experimental treatment, or a similar exclusion or limitation, a statement that you will be provided, upon request and free of charge, an explanation of the scientific or clinical judgment, applying the terms of the HCSA to your medical circumstances; and
- the following statement: "You and your plan may have other voluntary dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your state insurance regulatory agency."

After completing all mandatory appeal levels, you have the right to further appeal adverse benefit determinations by bringing a civil action under ERISA. Please refer to the *Statement of ERISA Rights* section below.

DCSA Claims

When you want to be reimbursed for an eligible expense, you must file a claim for reimbursement for dependent care expenses. A DCSA claim form is available from the Duke Energy myHR Service Center or from the YSA website. Return your claim form to Alight Solutions. The receipt or invoice should contain the following information:

- the name of the dependent receiving the service;
- the caregiver's name and Social Security number or tax identification number;
- the date expenses were incurred;
- the total charge for the service;
- a description of the service; and
- the name and signature of the person providing care.

You will be reimbursed for the expenses up to the amount that has been deducted from your pay and credited into your account. For example, if you contribute $200 each month, after two months you will have $400 available for use. If your claims during that period exceed the amount available in your account, your claim for the excess amount will be denied and then reprocessed when sufficient funds are credited. You will not need to re-submit your claim. You will be reimbursed for the excess amount as more contributions are made.

You have until March 31 after the end of the calendar year to submit claims for reimbursement. If you submit claims for reimbursement during the grace period, the claims must be for expenses you incurred during the previous calendar year (and after you became a participant in the DCSA). Claims must be received by Alight Solutions no later than March 31 of the following year. Note, however, that the Outbreak Period will be disregarded in determining the deadline for submitting claims for reimbursement, in accordance with applicable legal guidance.

Reimbursements are made directly to you by check or deposited into a bank account of your choosing if that payment option is selected.

Neither Duke Energy nor Alight Solutions takes responsibility for any claims submitted and paid that later may be determined not to meet IRS guidelines.

<u>Appeals of DCSA Claims</u>

If you disagree with an adverse benefit determination with respect to the DCSA, you (or your authorized representative) can request a review of the initial benefit determination by submitting a written request to Alight Solutions Claims and Appeals Management within 180 calendar days after receipt of the adverse benefit determination. To do so, you must submit an Appeal initiation form. This form can be obtained by calling the Duke Energy myHR Service Center. If your appeal is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it. Note, however, that the Outbreak Period will be disregarded in determining the deadline for requesting a review of an adverse benefit determination, in accordance with applicable legal guidance.

An appeal request to Alight Solutions Claims and Appeals Management must be submitted in writing to:

Alight Solutions Your Spending Account Claims and Appeals Management
P.O. Box 7105
Rantoul, IL 61866-7105

When reviewing an adverse benefit determination that has been appealed, any new information that you provide that was not available or utilized when the initial determination was made will be considered. Someone other than an individual involved in the initial determination, or a subordinate of such individual, will make the determination on appeal.

You will be notified regarding the decision on your claim within 60 days. The determination of your appeal will be in writing and, if adverse, will contain the following:

- the specific reason or reasons for the adverse determination;
- specific references to the pertinent provisions on which the adverse determination is based; and
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant to the Claim for Benefits.

Eligibility or Enrollment Claims

The Duke Energy Benefits Committee has appointed Duke Energy Human Resources to decide Eligibility or Enrollment Claims as the Initial Claim Administrator. Duke Energy Human Resources has delegated its authority to decide Eligibility or Enrollment Claims to Alight Solutions Claims and Appeals Management.

The Duke Energy Benefits Committee has appointed the Duke Energy Claims Committee to perform the fair and impartial review of denied Eligibility or Enrollment Claims on appeal as the Denied Claim Reviewer. The Company has no discretionary authority with respect to the Claims Committee's final determinations regarding Eligibility or Enrollment Claims on appeal.

To file a valid Eligibility or Enrollment Claim, you (or your authorized representative) must follow the claim submission procedures for the Spending Accounts as described in this SPD and any updating materials.

HCSA Claims

<u>Initial Claim</u>

If you have an Eligibility or Enrollment Claim with respect to the HCSA, you (or your authorized representative) must submit a claim initiation form. This form can be obtained by calling the Duke Energy myHR Service Center.

The claim form must be submitted in writing to the address on the form and include:

- a statement that the claim is a "Claim for Eligibility/Enrollment" and identification of the HCSA;

- your name, Social Security number, mailing address and daytime telephone number;
- a complete description of the claim, including the eligibility/enrollment issue presented;
- dependent information, if applicable; and
- any additional information you want considered.

A "Claim for Eligibility/Enrollment" must be received by Alight Solutions Claims and Appeals Management within 12 months after the date on which you are claiming eligibility/enrollment should have occurred. If your claim is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it. Note, however, that the Outbreak Period will be disregarded in determining the deadline for filing a Claim for Eligibility/Enrollment, in accordance with applicable legal guidance.

Alight Solutions Claims and Appeals Management will notify you or your representative of the determination within 30 days after receiving the request. However, if more time is needed to make a determination due to matters beyond Alight Solutions Claims and Appeals Management's control, it will notify you or your representative within 30 days after receiving the request. The extension notice will include a description of the circumstances requiring the extension and the date a determination can be expected, which will be no more than 45 days after receipt of the request.

If more time is needed because necessary information is missing from the request, the notice also will specify what information is needed. The determination period will be suspended on the date Alight Solutions Claims and Appeals Management sends such a notice of missing information, and the determination period will resume on the date you or your representative responds to the notice. You will have at least 45 days to respond to the request for information.

<u>Adverse Determination</u>

In the event of an adverse eligibility or enrollment determination, in whole or in part, you (or your authorized representative) will be notified of the adverse determination in writing.

An adverse determination notification for an Eligibility or Enrollment Claim will contain:

- the specific reason or reasons for the adverse determination;
- specific references to the pertinent plan provisions on which the adverse determination is based;
- a description of any additional information or material necessary to perfect the claim and an explanation of why such information or material is needed;
- an explanation of the claims review process and the time limits applicable to such process, including a statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse determination on review and any time limits for filing such a civil action;

- if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination, a statement that such a rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other similar criterion is available free of charge upon request; and

- if denial of the claim is based on medical necessity or experimental treatment, or a similar exclusion or limitation, a statement that Alight Solutions Claims and Appeals Management will, upon request, provide you, free of charge, an explanation of the scientific or clinical judgment, applying the terms of the HCSA to your medical circumstances.

<u>Appeal of Adverse Determination</u>

If you disagree with an adverse eligibility or enrollment determination, you (or your authorized representative) can request a review of the initial determination by submitting a written request to the Claims Committee within 180 calendar days after receipt of the adverse determination. If your appeal is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it. Note, however, that the Outbreak Period will be disregarded in determining the deadline for requesting a review of an adverse eligibility or enrollment determination, in accordance with applicable legal guidance.

A request to the Claims Committee must be submitted in writing to:

Claims Committee
Duke Energy Corporation
550 South Tryon Street, DEC38D
Charlotte, NC 28202

You may request to examine and receive copies of all documents, records and other information relevant to the claim. The Claims Committee will review the appeal without granting any deference to the initial decision regarding the claim. Also, no reviewer may be a person that was involved in making the initial decision regarding the claim, or a subordinate to that person. In addition, if the claim was based in whole or in part on a medical judgment, the Claims Committee will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This person will not be a person (or a subordinate of a person) consulted by Alight Solutions Claims and Appeals Management in deciding the initial claim. When reviewing an adverse determination that has been appealed, any new information that you provide that was not available or utilized when the initial determination was made will be considered. You will be notified regarding the decision on your appeal within 60 days after receipt of the appeal.

The determination of your appeal will be in writing and, if adverse, will contain:

- the specific reason or reasons for the adverse determination;
- specific references to the pertinent plan provisions on which the adverse determination is based;
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim;

- a statement about your right to bring a civil action under Section 502(a) of ERISA and any time limits for filing such a civil action;
- if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination, a statement that such a rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other similar criterion is available free of charge upon request;
- if denial of the claim is based on medical necessity or experimental treatment, or a similar exclusion or limitation, a statement that the Plan Administrator or its designee will, upon request, provide you, free of charge, an explanation of the scientific or clinical judgment, applying the terms of the HCSA to your medical circumstances; and
- the following statement: 'You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your state insurance regulatory agency'.

For additional information on filing an Eligibility or Enrollment Claim or filing an appeal of an adverse determination, you should contact the Claims Committee.

<u>DSCA Claims</u>

<u>Initial Claim</u>

If you have an Eligibility or Enrollment Claim with respect to the DCSA, you (or your authorized representative) must submit a claim initiation form. This form can be obtained by calling the Duke Energy myHR Service Center.

The claim form must be submitted in writing to the address on the form and include:

- a statement that the claim is a "Claim for Eligibility/Enrollment" and identification of the DCSA;
- your name, Social Security number, mailing address and daytime telephone number;
- a complete description of the claim, including the eligibility/enrollment issue presented;
- dependent information, if applicable; and
- any additional information you want considered.

Except as otherwise noted in *Mistaken DCSA Elections* above, a "Claim for Eligibility/Enrollment" must be received by Alight Solutions Claims and Appeals Management within 12 months after the date on which you are claiming eligibility/enrollment should have occurred. If your claim is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it. Note, however, that the Outbreak Period will be disregarded in determining the deadline for filing a Claim for Eligibility/Enrollment, in accordance with applicable legal guidance.

Alight Solutions Claims and Appeals Management will notify you or your representative of the determination within 90 days after receiving the request. Under special circumstances, Alight Solutions Claims and Appeals Management may take up to an additional 90 days to review the claim. If an extension of time is required, you will be notified before the end of the initial 90-day period of the circumstances requiring the extension and the date a determination can be expected.

<u>Adverse Determination</u>

In the event of an adverse eligibility or enrollment determination, in whole or in part, you (or your authorized representative) will be notified of the adverse determination in writing.

An adverse determination notification for an Eligibility or Enrollment Claim will contain:

- the specific reason or reasons for the adverse determination;
- specific references to the pertinent plan provisions on which the adverse determination is based;
- a description of any additional information or material necessary to perfect the claim and an explanation of why such information or material is needed; and
- an explanation of the claims review process and the time limits applicable to such process.

<u>Appeal of Adverse Determination</u>

If you disagree with an adverse eligibility or enrollment determination, you (or your authorized representative) can request a review of the initial determination by submitting a written request to the Claims Committee within 60 calendar days after receipt of the adverse determination. If your appeal is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it. Note, however, that the Outbreak Period will be disregarded in determining the deadline for requesting a review of an adverse eligibility or enrollment determination, in accordance with applicable legal guidance.

A request to the Claims Committee must be submitted in writing to:

Claims Committee
Duke Energy Corporation
550 South Tryon Street, DEC38D
Charlotte, NC 28202

You may request to examine and receive copies of all documents, records and other information relevant to the claim. The Claims Committee will review the appeal without granting any deference to the initial decision regarding the claim. When reviewing an adverse determination that has been appealed, any new information that you provide that was not available or utilized when the initial determination was made will be considered. You will be notified regarding the decision on your appeal within 60 days after receipt of the appeal. Under special circumstances, the Claims Committee may take up to an additional 60 days to review the appeal. If an extension of time is required, you will be notified before the end of the initial 60-day period of the circumstances requiring the extension and the date by which the Claims Committee expects to render a decision.

The determination of your appeal will be in writing and, if adverse, will contain:

- the specific reason or reasons for the adverse determination;
- specific references to the pertinent plan provisions on which the adverse determination is based; and
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

For additional information on filing an Eligibility or Enrollment Claim or filing an appeal of an adverse determination, you should contact the Claims Committee.

Legal Action

You have the right to bring a civil action under Section 502(a) of ERISA if you are not satisfied with the outcome of the appeals procedure with respect to your HCSA claim. You may not initiate a legal action with respect to your HCSA claim against Alight Solutions, the HCSA, the Company or the Plan Administrator until you have completed the appeal process. No legal action may be brought more than one year following a final decision on the claim under the appeal process. If a civil action is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it.

Discretionary Authority

Authority to decide initial claims (including claims for Spending Account benefits) under the Spending Accounts and denied claims on review (including denied claims for Spending Account benefits) under the Spending Accounts includes the full power and discretion to interpret Spending Account provisions and to make factual determinations, with the Initial Claim Administrators' and Denied Claim Reviewers' decisions, interpretations and factual determinations controlling. Requests for information regarding individual claims, or a review of a denied claim, are to be directed in writing and properly addressed to the particular entity identified as having the authority to decide the initial claim, or to decide the denied claim on review, as applicable.

Right to Change or Terminate the Spending Accounts

Duke Energy Corporation reserves the right to amend or terminate the Spending Accounts in any respect and at any time. For example, the Spending Accounts may be discontinued in part or in their entirety, or what the Spending Accounts cover or what benefits they provide may be changed.

The amendment or termination of the Spending Accounts may affect the benefits or benefit coverage not only of active employees (and their dependents), but also of former active employees who retired, became disabled, died or whose Company employment has otherwise terminated (and their dependents), and also of any covered person who began receiving benefit coverage or payments prior to the amendment or termination. If such a termination or amendment occurs, affected participants will be notified. The right to amend or terminate the Spending Accounts may be exercised by Duke Energy Corporation, or its authorized delegates, and any amendment shall be in writing.

Statement of Rights

The DCSA is not an employee welfare benefit plan subject to the requirements of ERISA. However, as a participant in the HCSA you are entitled to certain rights and protections under ERISA. ERISA provides that all HCSA participants shall be entitled to:

Receive Information About Your Plan and Benefits

- examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the HCSA, including collective bargaining agreements and a copy of the latest annual report (Form 5500 Series), if any, filed by the HCSA with the U.S. Department of Labor and available at the Public Disclosure room of the Employee Benefits Security Administration.
- obtain, upon written request to the Plan Administrator, copies of documents governing the HCSA, including collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series), if any, and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- receive a summary of the HCSA's annual financial report, if any. The Plan Administrator is required by law to furnish each participant in the HCSA with a copy of this summary financial report.
- obtain a copy of the HCSA's procedures for determining a Qualified Medical Child Support Order (QMCSO).

Continue Group Health Plan Coverage

- continue health care coverage for yourself, your spouse or dependents if there is a loss of coverage under the HCSA as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the HCSA for the rules governing your federal continuation coverage rights.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people responsible for the operation of the HCSA. The people who operate your HCSA, called "fiduciaries" of the HCSA, have a duty to do so prudently and in the interest of you and other HCSA participants and beneficiaries. No one, including the Company, your union, or any other person may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of HCSA plan documents or the latest annual report from the HCSA and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court once you have exhausted the HCSA's claims procedures.

In addition, if you disagree with the HCSA's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the HCSA's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Keep Us Informed

It is your responsibility to make sure that your benefits records are correct and that the personal information needed to administer your benefits is current. Promptly review any confirmation and other benefit statements carefully, and immediately advise the Duke Energy myHR Service Center if you believe there is an error. If you move, marry, divorce, or gain a new child, or if your child is no longer an eligible dependent, contact the Duke Energy myHR Service Center as soon as possible. Certain work/life events allow you to change benefit elections that you previously made, but to do so, you must make the benefit election change within 31 calendar days of the work/life event.

A Final Note

Although this SPD describes the principal features of the Spending Accounts that are generally applicable, it is only a summary. The complete provisions of the Spending Accounts are set forth in the plan documents, which are available upon request from Duke Energy Human Resources. An SPD is an overview and is written to be read in its entirety. Descriptions of Spending Account features should not be taken out of context. Inquiries about specific situations should be directed to Duke Energy Human Resources. Changes to the Spending Accounts, pending revision of the SPD, will be communicated in benefit newsletters, letters, Duke Energy Portal announcements and/or enrollment materials. In the event of a conflict between this SPD or any other communication regarding the Spending Accounts and the plan documents themselves, the plan documents control. Remember, the Spending Accounts may not be amended by oral or written communications.

The Spending Accounts, this SPD and your Spending Account participation are not employment contracts and do not give any employee the right to continue to be employed by the Company. Employees may resign and are subject to discipline, discharge or layoff as if the SPD had never been published and the Spending Accounts had never gone into effect.