



1 Customers

Improve the lives of our customers and vitality of our communities.

2015 Highlights

- Our customers hit an energy savings milestone – over the past six years they’ve saved 1 terawatt-hour of energy with our Home Energy Report. That’s enough to power 70,000 homes for a year.
- Customers benefited from rates below the national average in all customer classes and all service areas for the second consecutive year.

Challenges and Opportunities

- Improve customer satisfaction scores by improving the customer’s experience with the company.
- Anticipate and meet changing customer expectations – providing them with more convenience, choice and control.
- Increase engagement with stakeholders to identify positive outcomes to issues important to our communities.

Energy efficiency: Responding to customers

We’re hearing customers loud and clear when they say they want to know more about our energy efficiency programs.

Programs vary by state, but together Duke Energy is helping customers lower their carbon footprint and save money.

“My Home Energy Report” provides residential customers with a meaningful look at their energy use compared to similar homes based on age, size, location and heating source. It provides targeted insights to help them take action to reduce their energy consumption. Over the past six years, this program has saved more than 1 terawatt-hour of electricity. That’s enough to fully power 70,000 homes for a year.

In most states, to get that personal touch, the company offers a “home energy audit.” A trained technician visits customers’ homes and gives expert advice on how they can save money.

One customer remarked she had not thought about insulating her attic door. But an uninsulated attic door loses energy 38 times faster than similar ceiling space that is insulated.

Since 2009, the company has provided more than 70 million deeply discounted energy-efficient lighting products through direct order platforms, participating retailers and Duke Energy’s Online Savings Store. Cutting-edge LEDs have become

IT'S MY JOB TO HELP YOU SAVE ENERGY (AND MONEY)!

Each day, Ken Muth works hard to help customers save money. As a business energy advisor, Muth works with hundreds of Duke Energy's mid-sized commercial customers in Ohio and Kentucky on ways they can lower their energy use and earn cash incentives for installing high-efficiency lighting and equipment.

Case in point: Crossroads Church in Mason, Ohio. The 114,000-square-foot facility – originally built as a paper mill – qualified for nearly \$55,000 in energy efficiency incentives from Duke Energy. But that's not all – Crossroads is also likely to see sustained energy savings of more than \$50,000 per year.

"One of Crossroads' focus areas is mission work," said Muth. "It's humbling to know that every dollar I help them save can be put toward projects that improve lives throughout this region and around the world."

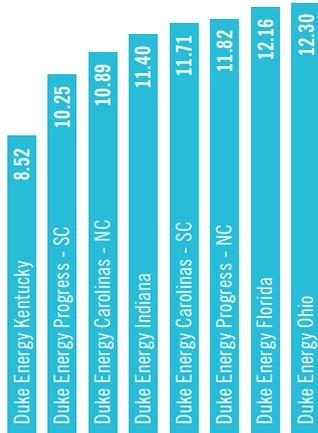
Ken Muth / Business Energy Advisor and Wade Laswell / Crossroads Church

Duke Energy's Regulated Rates

In effect as of July 1, 2015 (cents per kilowatt-hour)

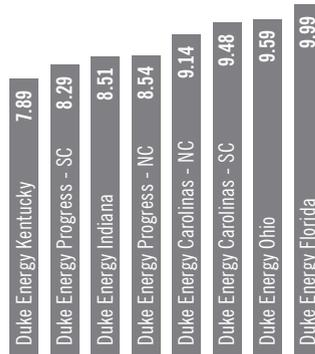
Residential

U.S. Average 13.73



Commercial

U.S. Average 11.79



Industrial

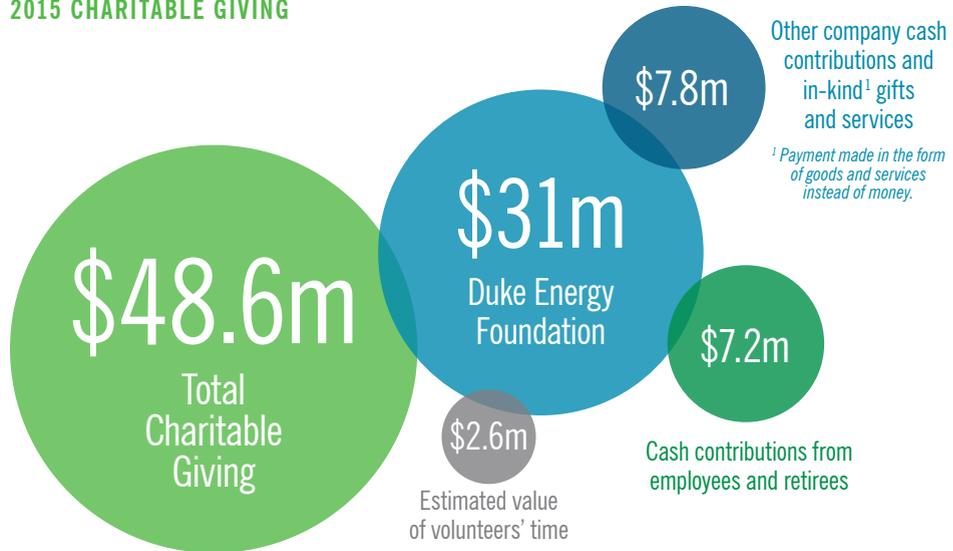
U.S. Average 9.92



Notes: Residential typical bill based on 1,000 kWh per month usage. Commercial typical bill based on 40 kW demand and 14,000 kWh per month usage. Industrial typical bill based on 1,000 kW demand and 400,000 kWh per month usage.

Source: Edison Electric Institute Typical Bills and Average Rates Report, Summer 2015 (latest available).

2015 CHARITABLE GIVING



Players for the planet

Watch out old electronic equipment — you're being rounded up and recycled in Cincinnati!

especially popular with customers visiting participating retailers or the Online Savings Store. Customers have purchased 4 million LEDs in the last two years.

Of course, there are many other programs that reflect Duke Energy's ability to meet customers' changing energy needs. We will continue our efforts to help customers become even more energy efficient.

Find out more by visiting duke-energy.com/SaveEnergy.

Duke Energy employees volunteer to recycle old electronics

More than 50 Duke Energy employees collected and sorted old computers, TVs, cellphones and other items as volunteers at Cincinnati's 2015 "Players for the Planet E-Waste Recycling Drive" — a four-day roundup of electronic equipment to recycle.

The drive, supported by professional sports players in the Cincinnati area, collected nearly 100 tons of electronic waste that otherwise might have ended up in local landfills.

Older model TVs and computer monitors can contain up to 6 pounds of toxic lead, which can cause potential public health risks if not properly recycled.

Rankings mixed, but satisfaction scores improve again

While Duke Energy's rankings were mixed, customer satisfaction (CSAT) scores improved for both business and residential segments in 2015.

Customer satisfaction remains a top priority, and all Duke Energy regulated utilities are implementing plans to achieve top quartile performance in the J.D. Power Residential Study by the end of 2018 — that's how we'll measure if we're meeting customers' expectations.

Business customers: Large business customers continue to give Duke Energy high marks for the service they receive, with 89 percent "highly satisfied" with Duke Energy as their utility.

Overall, satisfaction scores increased for all four Duke Energy companies in the 2016 J.D. Power Business Study, with three increasing more than the national average.

- Duke Energy Carolinas increased an impressive 50 points to 728, putting it in the top quartile for this study.
- Duke Energy Midwest was up 32 points to 708, just one point below the second quartile.
- Duke Energy Progress was up 31 points to 703, and remained in the third quartile.
- Duke Energy Florida was up 23 points to 690, its highest score in more than eight years.



Anne Sheffield / Communications Consultant and **Caroline Gandy** / Valle Crucis Community Park

PROTECTING, IMPROVING AND RESTORING REGIONAL WATERWAYS

Regional waterways are the lifeblood of vibrant communities. Duke Energy is committed to being a good neighbor. This also means being a good steward of the environment and the waterways surrounding our operations.

In 2015, 28 nonprofit organizations across North Carolina, South Carolina and Virginia received more than \$2 million to help protect rivers, lakes and streams in those states. The projects were funded through the Water Resources Fund, a \$10 million investment by the company to protect waterways in the Carolinas and downstream from Duke Energy's Carolinas operations.

One of the projects is the Dutch Creek Stream Restoration and Education Initiative in Watauga County, North Carolina.

The Valle Crucis Community Park used its \$77,000 grant to restore more than 800 feet of a degraded reach of Dutch Creek using natural channel design methods. Structures also were installed to re-establish and enhance fish and hellbender salamander habitats. Already, the county game warden has reported seeing trout feeding in the creek for the first time in years.

During construction, fifth-grade classes from adjacent Valle Crucis Elementary School received on-site lessons about wetland restoration and helped install plants along the stream bank.

In the Midwest, a \$250,000 Duke Energy Foundation grant is enabling Thomas More College to boost fish and water quality research programs at its Thomas More Biology Field Station in Campbell County, Kentucky. The funds are also being used to expand science, technology, engineering and math (STEM) partnerships with teachers and students throughout the Greater Cincinnati region.

A separate \$250,000 grant to the University of Cincinnati is helping the Great Miami Ground-Water Observatory to establish an early detection system for threats to water in the Great Miami Buried Valley Aquifer System. The university also is using grant money to expand its summer environmental research training program for teachers.

These projects are inspiring and creating a difference in our communities. They're investments in the ongoing and future sustainability of our regions.



Thomas More Biology Field Station

Duke Energy has been supporting Thomas More College's Ohio River research since 1971.

PROMOTING STAKEHOLDER ENGAGEMENT

A key to successful stakeholder engagement is companies engaging in an ongoing two-way dialogue and making the effort to understand issues from numerous viewpoints. That's why Duke Energy continues to solicit input from a diverse range of customer, community, environmental and business groups. We work to find areas of common interest from which to build a foundation for consensus. These discussions can be challenging, and sometimes frustrating, but engagement from a broad stakeholder group typically results in positive outcomes for the communities we serve.

Photo caption: Gary Cook discusses power plant operations with members of the Northern Kentucky Chamber of Commerce and the Cincinnati USA Regional Chamber of Commerce.

The study rates companies on six factors: power quality and reliability, billing and payment, corporate citizenship, price, communications and customer service.

Residential customers: Eighty percent of our residential customers were highly satisfied with the service they received from Duke Energy in 2015.

Satisfaction scores were up for all four operating companies in the 2015 J.D. Power Residential Study. But the company continues to be in the bottom half among utilities in the regions we serve.

- Duke Energy Midwest was up 20 points to 664, placing it in the third quartile nationally among all large utilities.

- Duke Energy Carolinas was up 22 points to 663, placing it in the third quartile nationally among all large utilities.
- Duke Energy Progress was up 18 points to 655, placing it in the third quartile nationally among all large utilities.
- Duke Energy Florida was up 12 points to 622, placing it in the fourth quartile among all large utilities.

Connecting with our customers online

For decades, if customers wanted to communicate with Duke Energy, they picked up the phone. But, as the population becomes busier and more wired, our customers are finding other communication channels can work best for them.

Diverse Supplier Spending (in millions)

	2011	2012	2013	2014	2015
Spending with Tier I diverse suppliers ¹	\$487	\$725	\$691	\$578	\$633
Spending with Tier II diverse suppliers ²	\$211	\$212	\$212	\$412	\$405
Total	\$698	\$937	\$903	\$990	\$1,038

1 Tier I represents direct purchases from diverse suppliers.

2 Tier II consists of diverse businesses working with Tier I suppliers and are reported like subcontractors to Duke Energy.



Gary Cook / East Bend Station Manager

They want to communicate on their timetable, using the platforms they feel comfortable with – like Twitter and Facebook.

In 2009, there was only one Duke Energy employee responsible for the two-way conversations on social media to handle service inquiries from customers.

Our team has grown over the years as customers have rapidly embraced social media as a way to communicate with us. During 2015 alone, the customer social media team handled more than 45,000 incoming messages. The most common questions dealt with reporting outages and billing issues.

But topics like tree trimming were also addressed. Customers also ran to social media when they felt they were not making progress in their attempts to communicate with the company through other channels. Many times, a problem in the morning was happily resolved by the afternoon.

Social media channels also allowed the company to push out important messages. We communicated widely on scams involving criminals posing as utility workers – stopping thieves claiming to have the ability to shut off power unless money was quickly wired to them.

The future looks positive with this type of customer engagement. Additional resources and extended hours of operation could make social media interactions with Duke Energy as common as picking up the telephone.

Purchasing: What does it mean to the neighborhood?

Duke Energy spends between \$8 billion and \$10 billion a year purchasing everything from wind turbines to office supplies.

Quality and cost are prime drivers of these decisions. But customers have told us corporate sustainability should be in the mix, too. That's why supplier diversity, local economic impact and environmental stewardship are part of Duke Energy's purchasing equation.

In 2015, working with NC State University and Duke University, the company developed a method to assess the economic impact of our spending. Out of the \$8.2 billion we spent in 2014, \$2.7 billion was spent with local companies in our six retail states. That's 32 percent of our overall spend.

That \$2.7 billion in local spending helps support close to 26,000 jobs. It also means an extra \$1.7 billion in salaries, local purchases and business taxes are kept in our communities.

Duke Energy selects suppliers that provide the most value to our customers and shareholders, while creating broader value for the company and the communities we serve. We also continue to focus on diversity and environmental stewardship.

The future? We expect our increased focus on sustainability criteria in purchasing decisions to lead to even more local spending.



Duke Energy's illumination.duke-energy.com is an online destination for stories about all aspects of energy. Our News Center at news.duke-energy.com provides accessible, visual and engaging content about the company.