DELIVERING CUSTOMERS MORE OPTIONS TO SAVE ENERGY AND MONEY

That old refrigerator in your garage might be among your biggest energy wasters. Encouraging Duke Energy customers to recycle old, secondary refrigerators and freezers is one of the ways we’re promoting energy efficiency.

In 2013, Duke Energy recycled 25,719 inefficient refrigerators and freezers through its appliance recycling programs. Almost 26 million kWh of energy were saved last year alone. That’s enough to power nearly 2,100 homes.

Appliance recycling is one of 20-plus energy efficiency and demand response programs offered by Duke Energy Carolinas under our new Shared Savings plan. The plan not only helps the environment, it rewards the company for helping customers save energy and money.

In January 2014, the Shared Savings plan replaced the save-a-watt program in the Duke Energy Carolinas service area as the company’s model to recover costs associated with these programs. This same model is also used in Ohio, Kentucky and Duke Energy Progress service areas in the Carolinas. Although the model is different, our customers in Indiana also have access to a suite of energy efficiency products and services to choose from.

Included in the Shared Savings plan is the new Residential Neighborhood Program. Launched in 2013, it offers information and energy-saving tools to customers in the Carolinas, Ohio and Kentucky who live in low-income neighborhoods. More than 3,660 customers have received energy efficiency improvements since the program’s launch. The Residential Neighborhood Program joins Neighborhood Energy Saver, a similar program available to customers in Florida and the Duke Energy Progress territories.

Replacing inefficient light bulbs continues to be a popular way to save energy and money plus benefit the environment. Since 2009, Duke Energy has distributed nearly 46 million energy-efficient light bulbs throughout our service areas. That’s enough energy saved to power nearly 144,000 homes and offset the carbon output of 266,000 passenger cars. From the comfort and convenience of home, customers in select service areas can now shop online for highly discounted compact fluorescent light (CFL) and light-emitting diode (LED) bulbs through the new Duke Energy Savings Store.

Duke Energy’s business and institutional customers also benefit from a suite of energy saving programs. For example, our demand response programs reward businesses for curtailing energy usage. They can also receive cash incentives for installing high-efficiency lighting, HVAC systems and other qualifying equipment. Outdoor LED lighting solutions are also available. We offer complete LED solutions, including design selection, installation, maintenance and 24/7 support.

These are just some of the products and services that deliver energy savings and value to our customers. More information about programs available to business and residential customers is available in the “Save Energy & Money” section of duke-energy.com.

REACHING AGREEMENT ON AFFORDABLE RATES

Duke Energy’s electric rates remained competitive both nationally and regionally in 2013, even as rate increases were approved to pay for new facilities and infrastructure in three of the six states.

Duke Energy has invested billions of dollars to upgrade its infrastructure, including construction of new advanced-
technology power plants, upgrades to existing plants to meet increasingly strict environmental and nuclear security requirements, and modernization of our electric grid. Older, less efficient coal plants, many of which were built in the 1940s, have been replaced with state-of-the-art power plants that are cleaner and more efficient.

To recover the costs incurred in upgrading our infrastructure, Duke Energy received regulatory approval to increase base rates, see table below.

The Public Utilities Commission of Ohio also approved Duke Energy’s natural gas distribution case, along with the recovery of $56 million in costs. This money was spent to comply with state and federal environmental laws affecting the remediation of the company’s former manufactured natural gas plant sites.

### Electric Rate Cases Filed By Duke Energy

<table>
<thead>
<tr>
<th>State</th>
<th>Company</th>
<th>Average rate increase</th>
<th>Phase-in period</th>
<th>Total increase in average monthly residential bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC</td>
<td>DE Carolinas</td>
<td>4.5% – 5.1%</td>
<td>3 years</td>
<td>$7 – $8 by 9/15</td>
</tr>
<tr>
<td>NC</td>
<td>DE Progress</td>
<td>4.5% – 5.5%</td>
<td>2 years</td>
<td>$7 – $8 by 6/14</td>
</tr>
<tr>
<td>SC</td>
<td>DE Carolinas</td>
<td>5.5% – 8.1%</td>
<td>2 years</td>
<td>$7 – $10 by 9/14</td>
</tr>
<tr>
<td>OH</td>
<td>DE Ohio</td>
<td>2.9%</td>
<td>n/a</td>
<td>$4</td>
</tr>
</tbody>
</table>

### A BETTER GRID FOR TOMORROW

Duke Energy has invested more than $1 billion in digital grid technologies to improve our ability to meet customer electricity demand.

While upgraded meters get a lot of attention, grid modernization also includes technologies such as automated regulators and circuit breakers to bolster performance and reliability. These and other devices create a communications network across the grid that gives our operators more precise data – and delivers better service to our customers, such as fewer outages and improved outage response time.

In 2008, Duke Energy Ohio received regulatory approval to begin installing smart meters that eliminate the need for manual meter reading. In 2013, the company installed our 1 millionth upgraded meter in the state. Combined with other system enhancements,
customers have avoided more than about 9 million outage minutes since the program began and now have tools they can use to better manage their energy usage.

In other areas including the Carolinas, many of our customers already have meters that can be read remotely and system modernization is playing a significant role in helping us manage demands on the grid, particularly during extreme weather events.

A modernized grid is also better prepared for the growth of distributed forms of generation such as solar and wind, whose output can fluctuate based on the time of day and weather.

As we modernize our grid to better serve customers, we continually assess and improve our practices to keep pace with data privacy and cybersecurity threats. It is imperative we maintain the trust of those we serve. That is why we keep all of our customer information confidential.

Duke Energy will continue to research and implement new grid technologies that can improve the grid for generations to come. It all goes back to ensuring the company delivers the most value to our customers for the technology investments we make.

ELECTRICITY: THE GROWING TRANSPORTATION FUEL CHOICE

With the rapidly growing plug-in electric vehicle (PEV) market, Duke Energy is preparing to support our customers and maintain a safe, reliable electric grid.

During the past year, we worked closely with many stakeholder groups to help them achieve “plug-in ready” communities. We also became a founding partner in the U.S. Department of Energy’s workplace charging initiative.

Duke Energy is in the final phase of one of the largest utility charging station research programs in the country. More than 650 charging stations have been deployed, and the company is collecting installation “best practices” and information on consumer charging behaviors.

Over the next year, the company expects to double the number of PEVs in our transportation fleet as larger and more utility-capable trucks become available.

GROWING SOLAR IN AMERICA’S STRONGEST MARKETS

Duke Energy Renewables has invested in two of America’s strongest solar markets, California and North Carolina, adding 65 MW of solar capacity in 2013 – making us one of the largest solar producers in the United States.

With its abundant sunshine and renewable energy mandate, California leads the nation in solar power capacity. Duke Energy Renewables capitalized on the Golden State’s growth opportunities, acquiring the 21-MW Highlander Solar Power Project, our largest solar site to date. In eastern North Carolina, we built five solar power projects – three in Dominion’s North Carolina territory and two for the North Carolina Eastern Municipal Power Agency.

Sept. 26, 2013


Duke Energy @DukeEnergy
Reliability Is A Priority

Delivering reliable power is a high priority for Duke Energy. Our outage statistics show a long-term trend of improving reliability both in the number and duration of outages.

To keep the trend moving in a positive direction, we identify locations on our system where we can make improvements to prevent outages. We also learn from weather events, which can have a big impact, and work to improve our responses to outages. Our ongoing focus is to take cost-effective actions to improve reliability, while keeping rates low.

OUTAGE STATISTICS

<table>
<thead>
<tr>
<th>Year</th>
<th>Average number of outages (occurrences)</th>
<th>Average time without power (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.27</td>
<td>133</td>
</tr>
<tr>
<td>2011</td>
<td>1.30</td>
<td>142</td>
</tr>
<tr>
<td>2012</td>
<td>1.19</td>
<td>126</td>
</tr>
<tr>
<td>2013</td>
<td>1.14</td>
<td>121</td>
</tr>
</tbody>
</table>

1 Outages with a duration greater than 5 minutes; statistics are reported per customer.

2 Statistics for 2010-2012 are slightly different from those reported last year, because an improved reliability tracking database was implemented in 2013 for the combined Duke Energy and Progress Energy. Lower numbers indicate better performance.

Generation Reliability

Reliable service also requires a dependable fleet of power plants and each year we set aggressive goals to help drive their continuous reliability improvement. Our nuclear fleet’s capacity factor, which is a measure of generation reliability, improved from 90.4 percent in 2012 to 92.8 percent in 2013, and exceeded 90 percent for the 15th consecutive year.

Although the regulated fossil fleet performed when needed to meet our customers’ demand, it did not meet its aggressive 2013 reliability goal of 87.9 percent commercial availability.

The nonregulated fossil and renewables fleets had another good year of commercial availability and renewables yield above 90 percent, with a 91.9 percent result for 2013.

GENERATION RELIABILITY

<table>
<thead>
<tr>
<th>Year</th>
<th>Nuclear capacity factor</th>
<th>Regulated fossil commercial availability</th>
<th>Nonregulated fossil commercial availability and renewables yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Crystal River unit 3 is not included in these statistics, because 2009 was the last year it operated.</td>
<td>Based on units operated by Duke Energy and ownership shares.</td>
<td>Former Progress Energy fossil plants, all regulated, are excluded because different measures were used to track their reliability performance before 2013. A common reliability measure for the entire regulated fossil fleet was used starting in 2013.</td>
</tr>
</tbody>
</table>
In November 2013, Duke Energy Renewables reached a settlement agreement with the U.S. Department of Justice (DOJ) regarding the deaths of golden eagles and other migratory birds at its Top of the World and Campbell Hill wind power projects in Wyoming.

The DOJ brought misdemeanor charges under the Migratory Bird Treaty Act (MBTA) for 14 golden eagle fatalities that occurred over a three-year period. Golden eagles are not listed as threatened or endangered under U.S. law, but are protected under the MBTA. The company agreed to federal fines and restitution of $1 million, which included ongoing mitigation investments and contributions to wildlife conservation groups.

Duke Energy Renewables is working closely with the U.S. Fish and Wildlife Service on a formal eagle conservation plan to supplement its already rigorous avian protection program. The company had comprehensive measures in place prior to the settlement to safeguard wildlife and protect birds, including radar technology, presence of biologists at sites and a turbine curtailment program.

Duke Energy Renewables’ goal is to provide the benefits of wind energy in the most environmentally responsible way possible, leading the industry in implementing technologies to minimize avian impacts at its wind sites.

REGULATED RENEWABLES ON THE FAST TRACK

Given that the cost of renewable generation is declining, don’t be surprised to see more of it in Duke Energy’s regulated service territories.

In 2013, the company formed the Renewable Generation Development organization to focus on adding cost-effective renewables throughout the six states we serve.

Three of these states the company serves have either mandatory or voluntary renewable portfolio standards for such sources as wind, solar, biomass and energy efficiency.

Duke Energy is already a leader in providing renewables to its customers. In 2013, the Solar Electric Power Association ranked the company eighth among utility companies for buying solar power for customers.

In North Carolina, the company won approval of its Green Source Rider, which allows certain large customers the option of offsetting some or all of their energy consumption from new load – such as a new or expanded facility – with renewable energy. Under the program, the company will purchase or produce renewable energy to meet the new demand – without the additional costs affecting other customers.

In South Carolina, the company helps fund a program through Palmetto Clean Energy that is backing solar installations at five schools in the state.

In Florida, the company committed more than $5 million in 2014 under its SunSense solar program. This includes $3.2 million in rebates for residential and commercial solar installations and...
$1.8 million to help 11 schools install solar energy systems.

CUSTOMER SATISFACTION: ALWAYS SEEKING IMPROVEMENTS

Duke Energy uses a number of internal and external benchmark studies to compare customer satisfaction progress from year to year – and against other utilities.

Business customers: Large business customers continue to give Duke Energy high marks for the service they receive, with more than 80 percent ‘highly satisfied’ with Duke Energy as their electricity provider.


- Duke Energy Carolinas was up 4 points to 666, which placed it in the second quartile nationally among all large utilities.
- Duke Energy Midwest was the biggest mover, up 28 points to 666 and in the second quartile nationally.
- Duke Energy Progress was up 3 points to 664.

Residential customers:

Overall satisfaction scores were mixed across the four Duke Energy operating companies in the 2013 J.D. Power and Associates Electric Utility Residential Customer Satisfaction Study⁴.

- Duke Energy Carolinas was up 19 points to 656, tying its highest score in four years and placing it in the second quartile nationally among all large utilities.
- Duke Energy Progress was down 10 points to 640, placing it in the second quartile nationally.
- Duke Energy Midwest was down 6 points to 631, placing it in the third quartile nationally.
- Duke Energy Florida continued to improve, up 9 points to 620.

While disappointed in these declines, we are expanding our energy efficiency programs, investing in the reliability of our power grid and improving communication related to power outages – all of which should contribute to higher customer satisfaction.

Customer satisfaction drivers:

Several factors contributed to declines in customer satisfaction scores:

- Increased rates in the Carolinas
- Adverse effects of merger-related news
- Adverse issues surrounding the Crystal River Nuclear Plant issue in Florida

The same six factors used to evaluate business customers are also used for residential customers.

@DukeEnergyStorm I live in Charlotte and watched the outage report go from 37k to 5k today. Thanks for working hard, keeping my family warm.

Andrew Artemenko
@AndrewDigital