



Improve the lives of
our customers and vitality
of our communities

2014 Highlights

- Created the \$10 million Carolinas Water Resources Fund to support projects benefiting waterways and communities in the Carolinas and downstream from Duke Energy's Carolinas operations
- Since 2006, more than 57,900 customers across 96 communities have received energy efficiency improvements through the Residential Neighborhood and Neighborhood Energy Saver programs

Challenges

- Improve customer satisfaction by demonstrating our commitment to improving their experience with the company

Opportunities

- Develop more programs that give our customers greater control, choice and convenience

Offering Convenience, Choice And Control Through Energy- And Money-Saving Customer Programs

Weather highs and lows in 2014 demonstrated the importance of the energy efficiency programs we offer to help customers save energy and money.

Since 2006, more than 57,900 customers across 96 communities have received energy efficiency improvements through our Residential Neighborhood and Neighborhood Energy Saver programs.

Replacing inefficient light bulbs continues to be a simple way to curb energy use while reaping environmental benefits. We have distributed nearly 61 million energy-efficient bulbs throughout our service areas. That's enough energy saved to power nearly 192,000 homes and offset the carbon output of 352,000 passenger cars. Lighting savings are just a click away for select customers through the online Duke Energy Savings Store and free compact fluorescent light (CFL) program for eligible residential customers.

Customers in Ohio can now manage their home energy use anytime, anywhere through the new HoM™ Energy Manager system. Eligible customers get free installed Internet-accessible thermostats and a mobile application, which programs their thermostats securely from a PC,

tablet or smart phone. They can also see their energy-use history, get customized tips to help save energy and more.

Options to make adoption of energy-saving habits seamless and affordable are also available to Duke Energy's business and institutional customers through turnkey outdoor lighting solutions, energy assessments, incentive rebates and other programs.

More information about energy- and money-saving programs are available in the "Save Energy & Money" section of duke-energy.com.

Now Showing: Energy Efficiency On Tour At A School Near You

For the fourth consecutive year, Duke Energy's Energy Education in Schools program taught thousands of middle and elementary school students across the company's service territories how and why to use energy wisely.

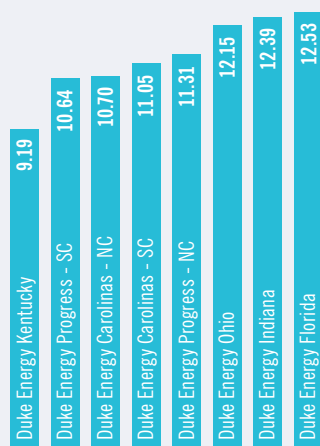
Drawing on zany characters and improvisational comedy, the program's centerpiece is a live theatrical production delivered by professional actors to students in kindergarten through eighth grade. Every student who attends a performance also receives a workbook of project-based assignments, including take-home work designed to engage parents.

DUKE ENERGY'S REGULATED RATES

In effect as of July 1, 2014 (cents per kilowatt-hour)

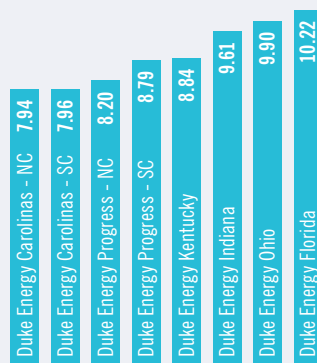
Residential

U.S. Average 13.81



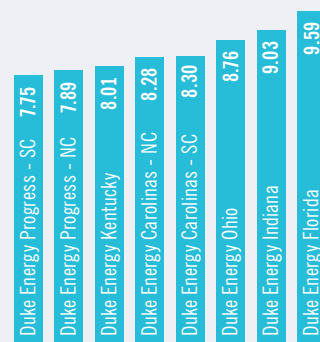
Commercial

U.S. Average 11.98



Industrial

U.S. Average 10.26



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 Reports, Summer 2014 (latest available). The effective date of the base rate increase for Duke Energy Carolinas (South Carolina) occurred after July 1, 2014, therefore the source does not reflect that 2.6% increase.





Lloyd Yates | Executive Vice President, Market Solutions; President, Carolinas

Parents are encouraged to participate by ordering a free energy efficiency starter kit. By requesting the kit, families and schools are automatically entered into a contest for a chance to win cash prizes.

We have partnered with The National Theatre for Children since 2011 to offer this free program.

Schools in North Carolina, South Carolina, Ohio and Kentucky served by Duke Energy have been eligible to participate. More than 1 million students across these service areas have seen a performance since the program was launched.

In the spring of 2015, Energy Education in Schools will expand to include Duke Energy Progress in the eastern parts of North Carolina and South Carolina and the company's service areas in Indiana.

Satisfaction Scores Improve; Rankings Still Sluggish

Although customer satisfaction scores mostly improved in 2014, Duke Energy's rankings were mixed, with many lower than acceptable to us. Events such as the Dan River coal ash spill and billing system problems had an effect on the rankings.

2014 CHARITABLE GIVING¹

\$73.4m

**TOTAL
CHARITABLE
GIVING**

\$26.5m

Duke Energy Foundation

\$35.2m

Other company cash contributions and in-kind² gifts and services

\$6.8m

Cash contributions from employees and retirees

\$4.8m

Estimated value of volunteers' time

¹ Total does not add up exactly because of rounding.

² Payment made in the form of goods and services instead of money.

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Customers Come First

“At Duke Energy, we are determined to focus on operational excellence. Whether it’s responding to a power outage or handling a routine phone call, customers need and expect us to be there and deliver. We also need to see our business through the customer lens – devising products and services to better meet what people want from Duke Energy. It’s our challenge to create more customer-focused solutions that lead to a better overall service experience. I am excited by that opportunity.”

Business customers: Large business customers continue to give Duke Energy high marks for the service they receive, with 90 percent “highly satisfied” with Duke Energy as their utility.

Overall satisfaction scores improved for all four Duke Energy companies in the 2015 J.D. Power business survey – but no Duke Energy company placed higher than third quartile nationally.

- Duke Energy Carolinas was up 12 points to a score of 678.
- Duke Energy Midwest was up 10 points to 676.
- Duke Energy Progress was up 8 points to 672.
- Duke Energy Florida was up 12 points to 667, its highest score in more than seven years.

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

Residential customers: More than 80 percent of our residential customers were highly satisfied with their service from Duke Energy. But satisfaction scores were mixed across our four operating companies in the J.D. Power residential survey. Again, no Duke Energy company finished in the top quartile nationally.

- Duke Energy Midwest was up 13 points to 644, placing it in the second quartile nationally among all large utilities.

- Duke Energy Carolinas was down 15 points to 641, landing in the third quartile nationally.
- Duke Energy Progress was down 3 points to 637, also finishing in the third quartile nationally.
- Duke Energy Florida reversed a three-year upward trend, falling 10 points to 610 and placing it in the fourth quartile nationally.

\$10 Million Investment To Benefit Communities By Protecting Waterways

Duke Energy is dedicated to being a good neighbor and is committed to protecting, improving and restoring waterways – we know high-quality rivers, streams and lakes are important to the long-term success of communities.

The company created the Duke Energy Water Resources Fund and is investing \$10 million for projects benefiting waterways in the Carolinas and downstream from Duke Energy’s Carolinas operations.

“Our new Water Resources Fund reflects Duke Energy’s commitment to serving our local communities and producing and delivering energy in ways that protect the health of the environment,” said Lynn Good, Duke Energy’s vice chairman, president and chief executive officer.

The fund includes a \$1.5 million designation for projects in the Dan River Basin Region. These projects can benefit waterways or help develop the region’s economic and community vitality.

Regional nonprofit and local government partners with relevant projects are eligible for funding. The fund is managed by the North Carolina Community Foundation. Project selection and funding decisions are made by a committee composed of Duke Energy representatives and external environmental experts from universities and communities in the Carolinas.

Safer, Brighter Streets For The University Of Cincinnati

What travels faster than a speeding bullet, shines bright like the Bat Signal and swoops down from the sky to deter crime? Not a superhero – rather it’s the super power of vivid, crisp, white light from new light-emitting diode (LED) streetlights in Cincinnati, Ohio.



UC Lighting Project
LED lighting makes the University of Cincinnati community safer and brighter.

*(Before) upper photo,
(After) lower photo.*

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Growing The Electric Grid

Duke Energy teamed with the city and its namesake university to improve street lighting around the urban campus. This was part of the University of Cincinnati's strategy to increase visibility and, ultimately, foster a safer community.

Duke Energy's outdoor lighting specialists worked to understand the needs of the city and university, and developed a far-reaching plan to significantly reshape the community's profile after dark.

In 2014, we replaced 158 high-pressure sodium (HPS) streetlights with LEDs, and installed an additional 186 LED fixtures around campus. A second phase of the project is being planned, with the potential to install or add 380 more LEDs in 2015.

The benefits are clear: Compared to HPS fixtures and bulbs, LEDs consume less energy, have a longer life expectancy, provide better light coverage and color and reduce glare. Combined with other initiatives, the new LED streetlights will help the University of Cincinnati meet its safety goals and positively impact the university's students, faculty and staff and the surrounding community.

A Needed Assist To Power Our Communities

At the core of Duke Energy's culture is giving back. Charitable giving increased in 2014, exceeding \$73 million. Community support included funding from the Duke Energy Foundation, company donations, employee and retiree gifts, and the value of volunteer hours.

The Duke Energy Foundation reviews funding requests at the regional level and targets investments in areas where we believe the company can have the greatest impact on the well-being of our communities. Among them:

- Education – STEM and early childhood literacy
- Economic and workforce development
- Environment
- Community impact and cultural enrichment

Our Employees And Retirees Give Generously

Employees and retirees continue to step up. In 2014, they increased individual donations giving over \$6.8 million. As a result of these contributions the Duke Energy Foundation

"I see the electric grid growing in importance over the next several years. Duke Energy will invest billions of dollars to develop advanced systems to identify and solve issues faster and provide customers with better and more timely information. The grid must not only be more efficient, it must also be more resilient. In today's world, the threat of cyberattacks and physical attacks must not stop the grid from doing its No. 1 job: Powering the lives of our customers."

matched \$5 million to support their giving, including:

- Matching gifts for employee and retiree donations to qualifying nonprofit organizations increased by 22 percent from 2013
- Matching funds for employee donations as result of Duke Energy's United Way and community arts campaigns totaled over \$2 million
- Volunteer grants to support employee and retiree projects ranging from environmental sweat equity projects to grants supporting employees serving in leadership positions on local boards

Our energy assistance programs help those in need cope with extreme heat and cold.

In 2014:

- In the Midwest, the company contributed about \$1.2 million to three programs to assist low-income customers with winter heating bills – HeatShare in Ohio, WinterCare in Kentucky and Helping Hand in Indiana.
- In the Carolinas and Florida, the Duke Energy Foundation contributed nearly \$2.5 million to similar programs. Share the Warmth and the Energy Neighbor Fund help low-income families with winter heating bills. Another program, Cooling Assistance, assists handicapped, elderly and low-income customers.



Volunteerism
Duke Energy employees giving time to their communities is a common sight



Keith Trent | Executive Vice President, Grid Solutions, President, Midwest and Florida Regions

Strengthening Supplier Diversity

Duke Energy makes sure diverse suppliers know which doors to knock on and how to establish sustainable relationships with the company. Not only that, Duke Energy shows other utilities how to do the same.

In 2014, Duke Energy held business summits in Ohio and South Carolina – bringing together diverse suppliers and utilities to lay the foundation for how suppliers can succeed in the energy industry. Duke Energy held smaller forums in Indiana and Florida. These forums open new doors for women-, minority- and veteran-owned businesses as well as businesses in Historically Underutilized Business Zones – highlighting their

products and services to potential customers within Duke Energy and other utilities.

The end result is a better educated, diverse business community that has an understanding of the energy industry. Other utilities are also encouraged to adopt similar strategies that have been successful at Duke Energy.

Duke Energy's supplier diversity initiatives received several recognitions in 2014, including:

- The 2014 Edison Electric Institute's Supplier Diversity Innovator of the Year Award
- The Central North Florida Minority Supplier Development Council's CEO of the Year Award – accepted by Duke Energy Florida State President Alex Glenn

DIVERSE SUPPLIER SPENDING (IN MILLIONS)

	2010	2011	2012	2013	2014
Spending with Tier I diverse suppliers ¹	\$398	\$487	\$725	\$691	\$578
Spending with Tier II diverse suppliers ²	\$167	\$211	\$212	\$212	\$412
Total	\$565	\$698	\$937	\$903	\$990

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.