

Our Sustainability Plan And Goals

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Customers

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

GOALS:

- **Affordable Energy:** Maintain rates lower than the national average.

2014 Status: Duke Energy's rates were lower than the national averages for the three customer categories (residential, commercial and industrial) in all six states we serve.

- **Energy Efficiency:** Achieve a cumulative reduction in customer energy consumption of 15,000 GWh (equivalent to the annual usage of 1.25 million homes) by 2020.

2014 Status: As of year-end 2014, energy consumption was reduced by more than 8,000 GWh.

- **Energy Efficiency:** Achieve a cumulative reduction in peak demand of 4,800 MW (equivalent to eight 600-MW power plants) by 2020.

2014 Status: As of year-end 2014, peak demand was reduced by nearly 3,800 MW.

Potential changes in state energy efficiency requirements may have an impact on our future energy efficiency goals.

- **Charitable Giving:** Continue to engage key community partners to measure the number of lives positively affected by our grants.

2014 Status: We continued our engagement with community partners to measure our impact on communities. Through this engagement we evaluated 10 of our most significant recent grants, totaling over \$530,000, and learned that over 680,000 lives are being positively affected by the projects these grants support.

New Goal: During 2015, develop and launch a strategic philanthropy and volunteerism initiative for our communities and employees.

- **Community Leader Ratings:** During 2014, conduct a community leader study across all of our service territories, to establish baseline performance.

2014 Status: The Community Leader Study was launched and achieved relatively high response rates. Community Leaders reported overall satisfaction ratings in the 80-95% range for all Duke Energy jurisdictions but Florida (72%). Results showed high satisfaction with our reliable service and community support activities. Areas for improvement included environmental performance and the need for more proactive communications with the communities served.

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Growth

Grow and adapt the business and achieve our financial objectives.

GOALS:

- **Economic Development:** Stimulate growth in our communities and help attract at least 40,000 jobs and \$10 billion in capital investments from 2013 to 2017.

2014 Status: Since 2013, Duke Energy helped our communities attract more than 25,000 jobs and over \$6.5 billion in capital investments to our service territories.

- **Total Shareholder Return (TSR):** Outperform other investor-owned utilities in TSR, annually and over a three-year period, as measured by the Philadelphia Utility Index (UTY).

2014 Status: Duke Energy achieved a TSR of 26.4%, slightly below the UTY return of 28.9%. Over three years, our TSR was 13.1%, outperforming the UTY's 12.5%.

- **Renewables:** Own or contract 6,000 MW of wind, solar and biomass by 2020.

2014 Status: As of year-end 2014, Duke Energy owned or had under contract more than 3,000 MW of wind, solar and biomass.

- **Governance:** Keep abreast of developments regarding corporate governance principles and recommend internal improvements as appropriate.

2014 Status: In 2014, Duke Energy made these improvements in corporate governance practices:

- Established ability for shareholders to take action by less than unanimous written consent
- Established ability for shareholders to call a special shareholder meeting
- Implemented a shareholder engagement program
- Put systems in place for robust governance of political activities

- **Transparency:** Achieve top-quartile performance in disclosure, as measured by Bloomberg Environmental, Social and Governance (ESG) Disclosure Scores for our industry.

2014 Status: As of December 15, 2014, Duke Energy had a Bloomberg ESG Disclosure Score of 66.8, the highest score among our peer U.S. utilities.

PROGRESS KEY

- Achieved or on track
- Currently not on track
- Goal not achieved



Additional content online at
sustainabilityreport.duke-energy.com.

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Operations

Excel in safety, operational performance and environmental stewardship.

GOALS:

● **Safety:** Achieve zero work-related fatalities.

2014 Status: Tragically, three employees and one contractor lost their lives on the job in 2014.

● **Safety:** Achieve top-decile safety performance in employee Total Incident Case Rate (TICR) by 2015.

2014 Status: We improved employee TICR to 0.58 in 2014 from 0.62 in 2013, and were in the top decile of our industry peers in 2013 (when latest industry data were available).

● **Reliable Energy:** During 2014, maintain the high reliability of our generation fleet with a nuclear capacity factor of at least 93.3%, regulated fossil commercial availability of at least 86.5%, and nonregulated fossil commercial availability and renewables yield of at least 92.0%.

2014 Status: The generation fleets performed well, consistently meeting customer demand, but did not achieve these aggressive goals. Nuclear capacity factor improved to nearly 93.2%, up from 2013, but just shy of the goal. Regulated fossil commercial availability improved to 85.9%, and nonregulated fossil commercial availability and renewables yield was 88.9%.

● **Reliable Energy:** During 2014, maintain the high reliability of our distribution system with an average number of outages* of 1.15 or less, and an average time without power* of 126 minutes or less.

2014 Status: Average number of outages was 1.13, and average time without power was 123 minutes.

* Outages longer than 5 minutes, per customer

● **Carbon*:** Reduce or offset carbon dioxide (CO₂) emissions from our generation fleet 17% from 2005 emissions by 2020 (i.e., go from 169 million tons in 2005 to 141 million tons in 2020).

2014 Status: Our generation fleet emitted about 138 million tons of CO₂, lower than our 2020 goal for the third straight year. Current forecasts indicate that CO₂ emissions could slightly exceed 141 million tons in 2020.

● **Carbon*:** Reduce the carbon intensity (pounds of CO₂ emitted per net kilowatt-hour (kWh) of electricity produced) of our generation fleet from 1.28 in 2005 to 0.94 by 2020.

2014 Status: Generation carbon intensity increased from 1.05 in 2013 to 1.06 in 2014.

* We plan to reassess our carbon goals in 2015 based on U.S. EPA regulations.

● **Solid Waste:** Increase the percentage of solid waste that is recycled from 69% in 2013 to 80% in 2018. (This goal excludes Duke Energy International and Duke Energy Renewables.)

2014 Status: Approximately 71% of solid waste produced was recycled.

● **Coal Ash Management:** During 2014: 1) conduct an engineering review of the company's ash management practices to identify potential opportunities for improvement, and 2) develop a long-term strategy to manage the closure of coal ash basins across our system.

2014 Status: The engineering review was completed. A proposed long-term closure strategy was developed, with implementation subject to regulatory approval.

New Goal: Develop detailed engineering closure plans for all coal ash sites by mid-2016.

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Employees

Develop and engage employees and strengthen leadership.

GOALS:

● **Employee Engagement:** Maintain management and employee engagement scores of 75% and 65%, respectively, or higher, measured by favorable responses to survey questions.

2014 Status: Management and employee engagement were 79.4% and 72.3%, respectively.

New Goal: Develop tools to support performance accountability through greater emphasis on effective performance management.

New Goal: Advance the focus on diversity hiring, retention, and increasing diversity in the leadership pipeline.