

How Duke Energy Creates Value – 2014

Duke Energy strives for long-term business success.

It's important that stakeholders understand how we use financial, natural and human resources to create the value investors, employees, customers and communities expect.

And it's all connected. The value Duke Energy creates for investors also benefits customers and employees. We must simultaneously be stewards of the natural resources we rely on today, and move forward to promote cleaner generation in the future.

To ensure long-term sustainability, Duke Energy must be a good neighbor. That's how the company will retain the trust of stakeholders. A clean, healthy natural environment, successful communities and strong financial performance — that's how it all works together.

[Our Value Creation Model >](#)

Major Resources

Production of electricity requires coal, natural gas and other materials extracted from the earth. The company also needs water to produce electricity at hydroelectric facilities – and cooling water for fossil fuel and nuclear plants. About 98 percent of the water Duke Energy uses is returned to streams and rivers. But the company does consume water – about 93 billion gallons in 2014.

Electricity production also requires employees who make all parts of the business work. Duke Energy is committed to recruiting and retaining the right mix of skill sets to ensure the long-term sustainability of our operations. Employees are also properly trained and focused on Duke Energy's No. 1 priority – safety.

Evolving Business Model

Duke Energy's goal is to produce and deliver reliable and cost-effective energy to homes and businesses. But customer expectations and technologies are changing. People are seeking ways to more actively manage their energy consumption. As distributed generation, programmable thermostats, plug-in electric vehicles and energy storage become more accessible, customers will demand that Duke Energy be more nimble to deliver these services. Communication systems are changing from one-way to two-way. High-tech electric meters are able to move information quicker – and help the company respond faster.

Helping our customers increase their energy efficiency is also part of the company's evolving business model. In the past, the company made money on how much power it sold. The new business model is a combination of selling electricity and saving it for customers.

Value Created

Putting a value on the electricity and natural gas Duke Energy sells is easy. Add up all the energy bills in 2014 and the company's total revenue was around \$24 billion. It's harder to put a price on what that energy is really worth – it powers the economy like no other commodity.

Duke Energy also supports communities with the taxes it pays, as well as through philanthropic contributions and employee volunteerism.

Investors also receive value from Duke Energy in the form of growth, dividends and interest payments.

Salaries, health insurance subsidies and retirement benefits provide support to more than 28,000 employees who work at Duke Energy. They, like the vendor companies the company uses, play their own part in supporting the communities in which they live and work. The value Duke Energy creates isn't limited to power generation – it's a steady stream from many areas. It's not a simple story, but it's a story with impact.

Our Value Creation Model

Major Resources

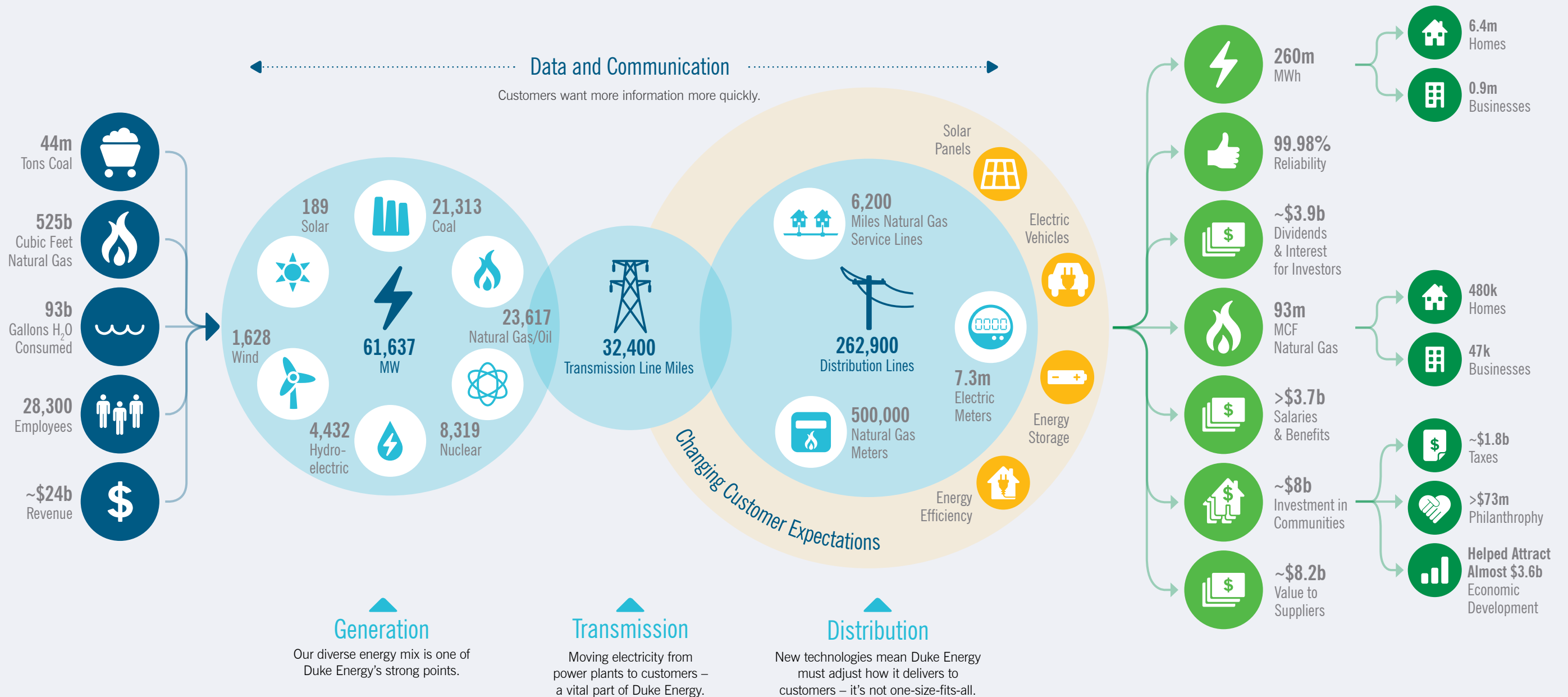
Creating value starts with the basics – the staples of a good energy company.

Evolving Business Model

As technology and customer expectations change, Duke Energy must change with them.

Value Created

Powering lives, supporting people and fueling the economy.



The information presented here is meant to provide an overview of Duke Energy and is not meant to be precise or inclusive of all the company's inputs and outputs. Please see the 2014 Duke Energy Annual Report Form 10-K for detailed notes and further explanations of financial information and this Sustainability Report for more social and environmental information.