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## CUSTOMERS

Improve the Lives of Our Customers and Vitality of Our Communities





## CUSTOMERS

### 2018 HIGHLIGHTS

- As of year-end 2018, customer energy consumption and peak demand were reduced by more than 16,700 gigawatt-hours and 5,900 megawatts, respectively.
- Customers benefited from electric rates below the national average in all customer classes and all service areas for the fifth consecutive year.
- Installed 1.6 million smart meters in 2018. To date, more than 62 percent of our customers now have smart meters. Smart meters provide real-time information that enables customers to make better decisions about their energy usage.
- During 2018, the Duke Energy Foundation contributed \$31.6 million to our communities, and our employees and retirees volunteered 126,000 hours.
- Developed a human rights policy to clearly articulate and demonstrate our respect for international human rights principles.

### CHALLENGES AND OPPORTUNITIES

- Respond to the accelerating pace of industry transformation and use data, technology and insights to bring customers better value.
- Continue our investments to create a smarter, greener energy grid that is also more resilient and better prepared for severe weather events.
- Continue to engage with stakeholders to identify positive outcomes to issues important to our communities.



| Duke Energy crews repair equipment damaged by hurricane winds.

## Expanded Referral Program Delivers Energy Efficiency

As customer expectations change, Duke Energy is working to better serve our customers.

Duke Energy's Referral Network launched its Find It Duke campaign to help customers find professionals for home improvement services such as attic insulation and HVAC and water heating repair and replacement. Contractors in the network can assist customers in qualifying for up to \$1,450 in rebates for upgrades.

At the new Find It Duke website, customers can track the status of an existing rebate application, use a cost estimator tool to estimate savings, find special discounts on energy-efficient products and services and get tips on saving energy.

The program has doubled the number of referrals each year since 2016 with more than 21,000 referrals generated in 2018 in the Carolinas. The program expanded to Kentucky, Indiana and Ohio in 2018.

In addition to new programs, Duke Energy customers continue to benefit from established programs. Since 2009, the company has delivered more than 90 million energy-efficient lighting products to residential customers at deeply discounted prices. Newly expanded options for lamps and fixtures provide even more energy-efficient solutions for customers.

LEDs use up to 66 percent less energy and last 24 times longer than traditional bulbs, leading to savings on customers' bills. Eligible customers can receive lighting options at participating retailers, accessing company-offered programs and by visiting the online store.

The company continues to expand its portfolio of [energy efficiency programs](#) to help the environment and customers get the most value for their money.

## Duke Energy Restores Power After Two Major Hurricanes

Duke Energy crews responded to massive customer power outages after two back-to-back hurricanes struck the company's southeast U.S. service area in fall 2018.

### Hurricane Florence

In September, Hurricane Florence made landfall and slowly moved inland through North Carolina and South Carolina, cutting power to more than 1.8 million Duke Energy customers and causing historic flooding, widespread structural damage and multiple highway closures.

Though the flooding and road closures presented major challenges, repair crews restored power to nearly 1.2 million customers within three days after the hurricane's landfall, and most of the remaining customers within seven days.

In advance of the hurricane, Duke Energy staged more than 20,000 repair workers – its own and those provided by other utility companies nationwide – in what was Duke Energy's largest storm resource mobilization ever.

Duke Energy earned the Edison Electric Institute (EEI) "Emergency Recovery Award" for the company's power restoration efforts after Hurricane Florence.



| Duke Energy electrical substation immersed in floodwaters after Hurricane Florence.

“Duke Energy’s crews worked tirelessly in hazardous conditions to quickly and safely restore power,” said EEI President Tom Kuhn. “They are truly deserving of this award.”

### Hurricane Michael

In October, Hurricane Michael ripped through the Florida Panhandle with 155 mph winds and record storm surges before speeding north into Alabama, Georgia, South Carolina and North Carolina as a downgraded – but still powerful – tropical storm. In Florida, the category 4 hurricane destroyed entire Gulf Coast communities, demolishing houses, apartment buildings, shopping centers and much of the electric grid.

Duke Energy crews restored power to more than 75,000 Florida customers in the immediate aftermath of the storm.

They also began the longer-term task of rebuilding obliterated sections of the Panhandle’s electric grid, including transmission towers, utility poles, substations and transformers.

One day after striking Florida, what became Tropical Storm Michael hit the Carolinas, cutting power to more than 1 million Duke Energy customers, most of them in North Carolina. More than 10,000 repair workers restored power to most customers within five days.

“It was a challenging month-long period for our customers and employees, who endured back-to-back historic storms,” said Harry Sideris, Duke Energy’s chief distribution officer.

### Shared Solar Shines on All Customers

Shared Solar, sometimes referred to as Community Solar, allows customers to benefit from renewable energy without having to have solar panels at their premises.

In South Carolina, the company’s first Shared Solar program kicked off in 2018. Additional facilities are expected online in South Carolina in 2019, with expansion in other states planned.

Customers joining the program pay a one-time application fee and a monthly subscription cost to fund their share of supporting the operation of a solar facility located in Dillon County.

The company is waiving the application cost and upfront fees for qualified low-income customers to make the offering more widely available. By subscribing to the Shared Solar Program, customers receive a monthly credit from Duke Energy equal to the amount of solar energy the customer’s share produces.

The Dillon County facility was recently named The Whitney M. Slater Shared Solar Facility to honor a local community resident. Slater was a Darlington, South Carolina, nursing student attending North Carolina State University when she died of breast cancer at the age of 21. After receiving her diagnosis, she made it her mission to raise awareness about environmental health and breast cancer. Her mother attended the ceremony to kick off the program in August.

The 7-megawatt facility has more than 20,000 solar panels, and supplies more than 1,000 homes during peak output. Expect Shared Solar offerings from the company to continue to grow.

## Grid Improvements Help Keep the Power On

Duke Energy's multiyear grid improvement initiative advanced significantly through 2018, providing increased benefits to customers and demonstrating the value of smart technologies during historic storms that impacted the company's service area.

Duke Energy is making strategic, data-driven investments across its six-state service area to improve reliability, strengthen the grid against cyber and physical threats, expand solar and innovative technologies, and provide customers with the intelligent information they need to make smart energy choices and save money.

The company's smart-thinking grid technology, which is currently being installed in every state it serves, quickly identifies outages and automatically reroutes power to restore customers – often in less than a minute – and can help to reduce the number of customers affected by an outage by as much as 75 percent. A smart-thinking grid also supports the two-way power flow needed to effectively integrate rooftop solar and other distributed technologies.

Smart-thinking technologies delivered significant benefits to customers during Hurricane Florence by helping to avoid more than 80,000 extended customer outages and keeping the power on for thousands of customers when they needed it most. These self-healing technologies also aided power restoration in Florida following Hurricane Michael in October. In total,

around 700,000 extended outages were avoided across the company's smart-thinking grid in 2018, saving customers 1.58 million hours of outage time.

Following Hurricane Michael and a major winter storm in December, crews working in areas where smart meters have been deployed were able to “ping” meters at homes and businesses along repaired electric lines to instantly determine if power was restored or if more repairs were needed. Previously, this work could only be done by manually patrolling each power line to confirm restorations. This smart meter technology helped to shorten final restorations after recent major storms by up to two days, on average.

Duke Energy has also delivered improved options and control for customers in 2018 through smart meter deployments taking place in the Carolinas, Florida and the Midwest.

With about 5 million already deployed, smart meters are delivering information to help customers take control of their energy use and save energy and money before their bill arrives. They also provide improved outage detection and can help to speed restoration following a major outage.

Additional work in 2018 included grid hardening activities, physical and cyber security improvements and targeted undergrounding of outage-prone lines, all of which will help deliver a better experience for customers when the next storm strikes.



### STRATEGIC INVESTMENTS

Duke Energy is making strategic, data-driven investments across its six-state service area to improve reliability, strengthen the grid against cyber and physical threats, and expand solar and innovative technologies.

With severe weather events increasing in frequency and severity across the company's service area, improving the grid to make it stronger and more resilient will continue to be a top priority for Duke Energy to reliably serve customers now and in the future.

## Transforming the Customer Experience

At Duke Energy, the customer is at the center of our mission. Evolving customer expectations, emerging technologies and changing public policies all converge to create a dynamic environment for Duke Energy and the industry.

Duke Energy is working to build genuine connections with all customers by listening, anticipating their needs and offering solutions. The company is now using Net Promoter Score, a metric that tracks customer loyalty and helps the company get better insight into improving customer satisfaction.

Using data and analytics, the company is executing a long-term, customer-focused strategy designed to deliver greater value to our customers.

An example of this work is a builder and developer portal and mobile app that is designed to provide more transparency in our service – making project management for these customers easier and more consistent.

These tools allow builders to easily access the most updated information on their project, get direct contact information for their technicians, and submit service requests – all without ever having to call our contact center.

## DUKE ENERGY'S ELECTRIC RATES: BELOW U.S. AVERAGE

In effect as of July 1, 2018  
(cents per kilowatt-hour (kWh))

### Residential

Duke Energy Kentucky	9.95
Duke Energy Carolinas-NC	10.47
Duke Energy Carolinas-SC	11.39
Duke Energy Ohio	11.65
Duke Energy Progress-NC	11.82
Duke Energy Indiana	12.28
Duke Energy Florida	12.42
Duke Energy Progress-SC	12.62
<b>U.S. AVERAGE</b>	<b>14.28</b>

### Commercial

Duke Energy Progress-NC	8.51
Duke Energy Ohio	8.66
Duke Energy Carolinas-NC	9.21
Duke Energy Progress-SC	9.31
Duke Energy Kentucky	9.52
Duke Energy Indiana	9.69
Duke Energy Carolinas-SC	9.73
Duke Energy Florida	10.13
<b>U.S. AVERAGE</b>	<b>12.04</b>

### Industrial

Duke Energy Ohio	7.74
Duke Energy Progress-SC	8.01
Duke Energy Progress-NC	8.16
Duke Energy Carolinas-NC	8.33
Duke Energy Indiana	8.67
Duke Energy Carolinas-SC	8.74
Duke Energy Kentucky	8.88
Duke Energy Florida	9.30
<b>U.S. AVERAGE</b>	<b>10.26</b>

Source: Edison Electric Institute Typical Bills and Average Rates Reports, Summer 2018 (latest available).

Notes: Rates are based on the following typical bill assumptions. Residential: 1,000 kWh per month usage. Commercial: 40-kW demand and 14,000 kWh per month usage. Industrial: 1,000-kW demand and 400,000 kWh per month usage.

The Duke Energy Kentucky industrial rate shown here differs from what was published in the EEI reference, because the published rate was incorrect.



| Duke Energy employees volunteer their time to numerous nonprofit community groups.



#### CHARITABLE GIVING

Combined with the other Duke Energy In Action programs, the company's employees and retirees contributed \$9.5 million in 2018 and volunteered 126,000 hours.

Digital tools and other technology provide more opportunity to serve customers in new and innovative ways. The company's Home Energy Report allows customers to see how their electrical usage compares to similar homes. The text service to customers for outage information was especially impactful during 2018 hurricanes.

Duke Energy is creating solutions, driven by data, that deliver real value for the communities we serve.

### Building Powerful Communities

At Duke Energy, employees believe in the power of giving. For more than a century, they have supported local communities through volunteerism and charitable giving.

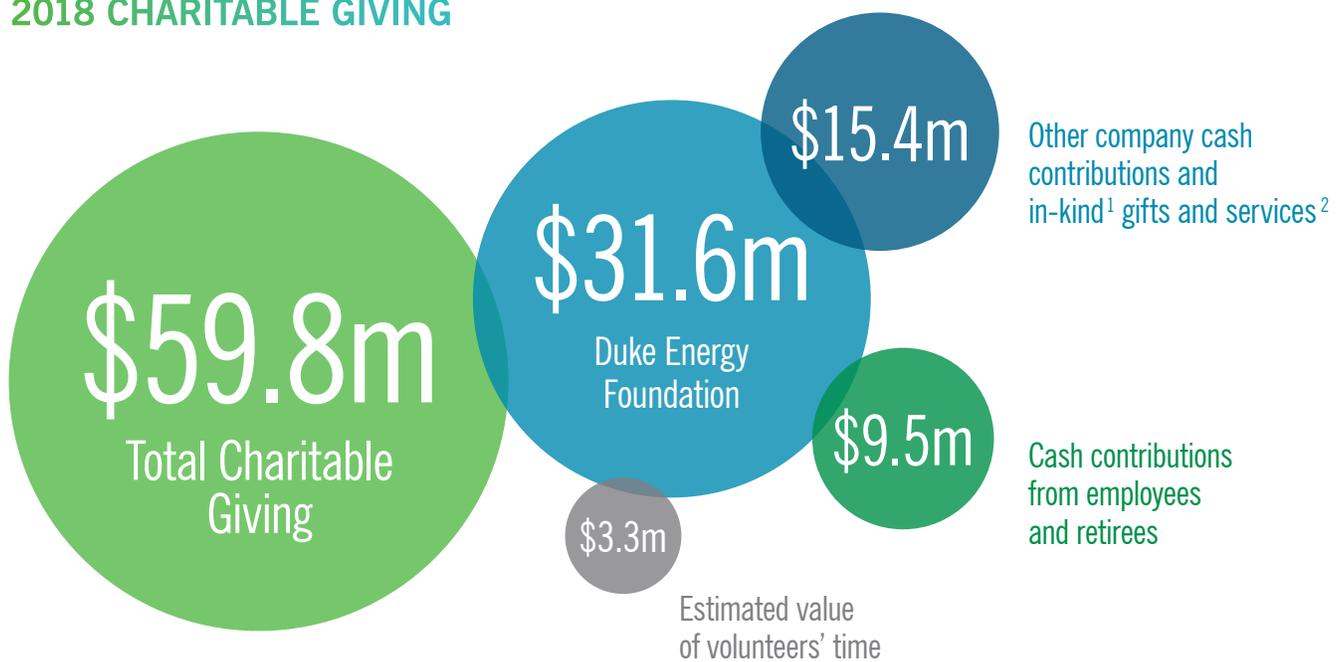
In 2018, the company launched its first annual Power of Giving campaign, which empowers employees to support the cause(s) of their choice and have their donations matched dollar for dollar by the Duke Energy Foundation.

Through the campaign, Duke Energy employees pledged \$5.3 million in charitable contributions to more than 3,700 different organizations representing a diverse array of causes. When combined with the Foundation matching gifts, that's more than \$10 million in funding to support local communities. Combined with the other Duke Energy In Action programs, the company's employees and retirees contributed \$9.5 million in 2018 and volunteered 126,000 hours.

"I give back because it's aligned with my purpose," said Keith Gabriel, economic development specialist for Duke Energy. "Duke Energy enables me and supports me to go out to our communities and make a difference."

Also in 2018, the Duke Energy Foundation announced a new philanthropic grant program, launching this year, called Powerful Communities. Through the Powerful Communities grant program, the Foundation awards charitable grants to nonprofit organizations working to bolster education, develop the future workforce of the energy sector, conserve and protect our environment and strengthen local communities.

## 2018 CHARITABLE GIVING



<sup>1</sup> Payment made in the form of goods and services instead of money.  
<sup>2</sup> Includes charitable giving associated with regulatory settlements.

### Duke Energy Affirms Support for Human Rights

Since the company was founded more than a century ago, Duke Energy has made respect for our employees' and communities' rights a fundamental belief inherent in the way we operate. To amplify this belief, the company adopted a [Human Rights Policy](#) in April 2019 that outlines policies and practices that support an ongoing commitment to, and respect for, human rights.

Duke Energy respects international human rights principles, including those identified in the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company's [Code of Business Ethics](#) and [Supplier Code of Conduct](#) provide the backbone to the commitments outlined in the human rights policy, which include:

- Workforce:** We uphold human and workplace rights in all our operations, treat workers fairly and without discrimination and provide working conditions that reflect the human dignity of the people working at Duke Energy. Furthermore, we prohibit the use of forced labor, child labor and any form of human trafficking.

- Communities and Stakeholders:** Duke Energy respects the rights of people in the communities it serves and seeks to operate the business in ways that protect the environment and mitigate adverse impacts from operations.
- Suppliers and Partners:** Duke Energy expects its suppliers of goods and services to adhere to the same beliefs that the company has prioritized, applying them to how they do business locally and around the world.

Duke Energy engages an independent, third-party vendor to operate its EthicsLine, which is available 24 hours a day, seven days a week, via phone or online. Employees, suppliers, customers and other stakeholders can report a human rights concern through the EthicsLine, which provides anonymity, or directly to the company.

Adherence to and respect for human rights is more than a verbal commitment at Duke Energy. It's an ongoing process of learning, evaluating and improving how we operate. Duke Energy will conduct periodic human rights assessments to determine whether its processes and systems used to identify and investigate any alleged violations are appropriate, and will publicly report on its human rights-related commitments in the annual Sustainability Report.

## DIVERSE SUPPLIER SPENDING<sup>1</sup>

(in millions)	2015	2016	2017	2018
Spending with Tier I diverse suppliers <sup>2</sup>	\$633	\$681	\$776	<b>\$850</b>
Spending with Tier II diverse suppliers <sup>3</sup>	\$405	\$494	\$437	<b>\$492</b>
Total	\$1,038	\$1,175	\$1,213	<b>\$1,342</b>

1 Piedmont Natural Gas data from the first three quarters are included in 2016. Full-year data are included beginning in 2017.

2 Tier I represents direct purchases from diverse suppliers.

3 Tier II consists of spend by Duke Energy suppliers with diverse suppliers/subcontractors.



### \$12 BILLION

To provide electricity, natural gas, and renewable energy to our customers, Duke Energy purchased more than \$12 billion worth of goods and services in 2018.

### Supplier Relationships Advance Company Goals

To provide electricity, natural gas, and renewable energy to our customers, Duke Energy purchased more than \$12 billion worth of goods and services in 2018.

Our supplier partners share the company's commitment to the local economies and communities we serve. We spent more than \$4 billion with local suppliers in 2018, and our annual spending with minority-, women-, veteran-, service-disabled veteran-owned and HUBZone businesses has exceeded \$1 billion every year since 2015.

Duke Energy is committed to environmental stewardship and partners with vendors who are themselves environmentally friendly and support the company's sustainability goals. Many of those suppliers are also locally based and/or diverse. Duke Energy's expectations for suppliers are described in detail in our [Supplier Code of Conduct](#), which was updated in 2018.

Our suppliers help us create a better energy future. In 2018, more than 100 individuals representing about 40 companies attended the third annual Duke Energy Supplier Exchange Forum. The company recognized key suppliers for excellence in corporate responsibility, diversity and safety – all important aspects of the company's supply chain objectives.

With the inclusion of local and diverse suppliers as one of the company's priorities, Duke Energy was honored for having a Top Veteran-Friendly Supplier Diversity Program by the U.S. Veterans magazine.

Our efforts to identify and recruit diverse suppliers are important to the company's overall supply chain sourcing strategy. The relationships we have with state and community economic development organizations (veteran-related and others) enables Duke to positively impact our communities while creating enhanced value for the company.