



# CUSTOMERS

Improve the Lives of Our Customers  
and Vitality of Our Communities



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## 2019 Highlights

- In 2019, reached a cumulative, multiyear reduction in customer energy consumption of nearly 19,000 gigawatt-hours, and a reduction in peak demand of 6,700 megawatts.
- Customers benefited from electric rates below the national average in all customer classes and all service areas for the sixth consecutive year.
- Installed approximately 2 million smart meters. To date, more than 80 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 2019, the Duke Energy Foundation contributed \$31.3 million to our communities, and our employees and retirees volunteered over 136,000 hours.

## Challenges and Opportunities

- Respond to the accelerating pace of industry transformation and use data, technology and insights to be more efficient and bring customers better value.
- Continue our investments to create a smarter grid that can support the growth of renewables and storage, and be more resilient and better prepared for severe weather events.
- Modernize our modeling tools and the way we plan our energy infrastructure to focus more on integrated planning across electricity generation, transmission and distribution, including the examination of nontraditional solutions.
- Continue to engage with stakeholders to achieve positive outcomes on matters important to our communities.

## Early Collaboration Yields Savings at Cincinnati School

Duke Energy has been exceeding its energy efficiency goals as customers embrace doing more with less energy. The company has been recognized as the clear leader in energy efficiency in the Southeast by the [Southern Alliance for Clean Energy](#).

Duke Energy's goals to reduce customer energy consumption and peak demand were both exceeded in 2019. The company has set even more aggressive energy efficiency goals for 2020.

Duke Energy works closely with its customers to help them save [energy and money](#).

A collaboration between Duke Energy and the Bethany School in Cincinnati helped the kindergarten through eighth grade school earn recognition as the Midwest's first "net-zero" school building and the second-most energy-efficient school in the U.S.

To earn a net-zero designation, a building must be powered by enough renewable energy to offset its demand for energy produced by carbon-emitting sources. The Bethany School earned its designation by using two types of renewable energy systems: solar and geothermal. A solar energy system harnesses the sun's power to produce electricity. Geothermal systems draw from the Earth's natural temperature for heating and cooling.

Bethany School's commitment to sustainability resulted in an ultra-efficient design that earned the school more than \$75,000 in Duke Energy incentives and rebates.

Some of the energy-efficient design features include:

- A building layout that keeps most classrooms out of the direct path of the sun.
- Insulation that keeps warm air inside the building during winter or outside during summer.
- Roofing materials chosen with high solar reflectance values, to minimize the "heat island effect" that buildings can create in the environment.
- A geothermal exchange system of more than 100 piping wells buried to depths of 305 feet – and engineered to maximize the transfer of warmer or cooler air between buildings where needed.

In total, the design is expected to deliver energy savings of about 187,000 kilowatt hours per year. That's about the same amount of energy used to dry more than 53,600 loads of laundry and good news for a school committed to sustainability and saving money.

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Duke Energy is strengthening the electric grid to keep customers' lights on during severe weather.

## Helping Customers Go Green with REC Purchases

When label stock maker UPM Raflatac wanted to go 100 percent renewable, it didn't have the luxury of building a solar or wind farm at its plant in Henderson County, North Carolina.

But it did have another option: It could buy the ownership rights to the amount of energy its Mill River plant and its 170 employees would use in a year.

The path to 100 percent renewable involved buying Renewable Energy Certificates (RECs) through Duke Energy's company REC Solutions. To renewable energy insiders, a REC (pronounced "wreck") is a common term. To the rest of the world – not so much.

A REC is a market-based instrument that can be bought, sold and traded. One REC is issued when 1 megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a renewable energy source. It can be from a rooftop solar array, large wind farm or several other energy sources.

Many companies cannot change the sources of electricity delivered by the local energy grid. But by purchasing RECs, those same companies can buy the ownership rights to renewable energy. By owning the REC, a company can legally claim the renewable energy as its own.

Currently, a REC can cost anywhere from 75 cents to \$8 per MWh in Duke Energy's regulated service territories – depending on geography and various state regulations. In some areas of the northeastern United States, a REC can cost as much as \$400.

So as customers seek to meet their sustainability goals, buying RECs could be a growing part of that strategy. And Duke Energy might be the first energy company they call.

## Connecting Customers to a Smarter Energy Future

Duke Energy's grid improvement initiative continues to expand across its service territories.

The company is leveraging smart technologies and making strategic investments to improve reliability for customers, strengthen the grid against physical and cyber threats, enable expansion of solar and innovative technologies, and give customers more options and control to manage their energy use and save money.

As part of this effort, Duke Energy is significantly expanding the use of smart, self-healing technology that automatically identifies power outages and quickly reroutes power to restore customers – often in less than a minute – helping to reduce the number of customers affected by outages by as much as 75 percent.



Customers can track electricity use, report power outages and pay bills using the Duke Energy app.

Self-healing systems delivered significant benefits to customers in 2019, helping to avoid more than 610,000 extended customer outages and saving customers more than 1 million hours of outage time. And those benefits will continue to increase as this technology expands in 2020.

A smart-thinking grid also supports the two-way power flow needed to effectively integrate rooftop solar and other distributed technologies like battery storage, electric vehicles and microgrids.

Duke Energy has delivered improved options and control to customers in 2019 with more than 7 million smart meters now installed in the Carolinas, Florida and the Midwest – 80 percent of the company's customers. Smart meters provide customers with more information about their energy use and usage alerts to help them 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 2019 included grid-strengthening upgrades, physical and cyber security improvements and targeted undergrounding of outage-prone lines, all of which will help deliver a better experience for customers.

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 Through Action*

At the center of all we do is the people we serve – our customers. Understanding what customers think, feel and need is essential to being nimble and responsive in the present, and in planning for a smarter energy future.

Duke Energy learns from customers through face-to-face conversations as well as more formal feedback. Surveys, focus groups, town halls and other market research are some of the information sources we rely on.

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Still, what we learn only transforms the customer experience when we respond with action. Our most recent customer service enhancements were developed to meet customer needs for real-time and proactive information:

- The [Duke Energy app](#) offers easy access to paying an energy bill, tracking home energy use, reporting and checking an outage status, and more.
- The [interactive outage map](#) provides the number of customers without power, when and where an outage was reported and estimated restoration times. Customers can also [opt in to receive outage alerts](#) by phone, text or email.
- [Track My Service](#) notifications provide updates to customers seeking to start, stop or transfer their energy services, and are expanding to include planned outage and vegetation management (tree trimming) notifications.

These tools complement Duke Energy's existing service offerings including [My Home Energy Report](#), [Online Savings Store](#), the [Find It Duke](#) contractor referral service and the [Free Home Energy House Call](#).

Connecting with customers in the ways that matter most helped increase Duke Energy's internal customer satisfaction rating by 25 percent in 2019. The company also saw improvement across most of our service territories as measured by J.D. Power's Customer Service Index for residential service customers.

Looking ahead, customers can expect more action in response to their feedback. A newly designed energy bill, based on input from customers, is just one example. In the meantime, we'll keep listening and learning in order to further deliver on customer wants and needs.

## Duke Energy's Electric Rates: Below U.S. Average

In effect as of July 1, 2019  
(cents per kilowatt-hour (kWh))

### Residential

Duke Energy Kentucky	9.01
Duke Energy Carolinas-NC	10.59
Duke Energy Ohio	11.47
Duke Energy Indiana	12.18
Duke Energy Carolinas-SC	12.25
Duke Energy Progress-NC	12.41
Duke Energy Florida	12.86
Duke Energy Progress-SC	13.01
<b>U.S. AVERAGE</b>	<b>14.16</b>

### Commercial

Duke Energy Ohio	8.76
Duke Energy Progress-NC	9.09
Duke Energy Progress-SC	9.22
Duke Energy Carolinas-NC	9.28
Duke Energy Kentucky	9.38
Duke Energy Indiana	10.13
Duke Energy Florida	10.40
Duke Energy Carolinas-SC	10.77
<b>U.S. AVERAGE</b>	<b>11.88</b>

### Industrial

Duke Energy Ohio	7.97
Duke Energy Progress-SC	8.14
Duke Energy Progress-NC	8.29
Duke Energy Carolinas-NC	8.45
Duke Energy Carolinas-SC	8.53
Duke Energy Kentucky	8.71
Duke Energy Indiana	9.01
Duke Energy Florida	9.56
<b>U.S. AVERAGE</b>	<b>10.06</b>

Source: Edison Electric Institute Typical Bills and Average Rates Reports, Summer 2019 (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.

## Customer Assistance Programs Help Those in Need

Helping customers in need with heating and cooling [assistance programs](#) has been a hallmark of Duke Energy for a generation. The company's heating assistance programs include Share the Warmth in the Carolinas, Helping Hand Indiana, HeatShare Ohio and WinterCare Kentucky. To help with energy costs during extreme summer heat, the company offers Cooling Assistance in the Carolinas and the Energy Neighbor Fund in both the Carolinas and Florida.

Since Share the Warmth's inception in 1985, Duke Energy has contributed more than \$35 million to the program through [Crisis Assistance Ministry](#) and 85 other service agencies. The program is supported by Duke Energy's customers, shareholders and employees. The Duke Energy Foundation matches all contributions dollar for dollar up to \$500,000.

The Piedmont Natural Gas Share the Warmth program has contributed more than \$3.7 million in customer and corporate donations since 2003 to Crisis Assistance Ministry and other organizations to help struggling residents in North Carolina, South Carolina and Tennessee.

Piedmont's optional program rounds a customer's monthly bill up to the nearest dollar – totaling no more than \$12 a year – and donates the difference to help those in need in the community, regardless of their energy source or provider.

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These contributions are invaluable to those struggling to make ends meet, giving them the means to keep their heat on and families warm.

The company is always looking for new ways to help more customers in need. In December 2019, Duke Energy and the NFL's Carolina Panthers teamed up to bolster contributions to Share the Warmth.

The partnership included game-day events, advertising and other outreach efforts including a text-to-give option allowing anyone who donates to receive an exclusive thank-you video featuring Carolina Panther players.

Plus, the Carolina Panthers Charities Fund contributed \$1,000 per quarterback sack in December and guaranteed a minimum of \$15,000 – the grand total was \$15,000.

## Investing In Our Communities

Duke Energy has a long history of supporting its communities. In 2019, the Duke Energy Foundation contributed \$31.1 million in its territories – from nonprofits to major issues that impact our areas.

In 2019, the company made \$750,000 in grants to tackle a major problem facing the nation: opioid addiction.

In North Carolina, the company awarded \$100,000 to the More Powerful NC campaign and \$400,000 to the North Carolina Harm Reduction Coalition (NCHRC).

## 2019 Charitable Giving

**\$31.3m**

Duke Energy Foundation

**\$6.9m**

Other company cash contributions<sup>1</sup> and in-kind gifts and services<sup>2</sup>

**\$8.5m**

Cash contributions from employees and retirees

**\$3.7m**

Estimated value of volunteers' time

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



The More Powerful NC campaign was created by the North Carolina Departments of Justice and Health and Human Services, as well as other partners, to raise awareness about the opioid crisis. The campaign outlines real, actionable steps for the safe storage, use and disposal of pain medications, as well as resources for finding treatment and recovery support.

NCHRC is a comprehensive harm reduction program. The organization engages in grassroots advocacy, resource development, coalition building and direct services for people impacted by drug use. NCHRC also provides resources and support to the law enforcement, public health and provider communities.

In Indiana, Duke Energy announced \$250,000 in grants to tackle unique aspects of the issue. Five people a day die in the state from drug overdoses – many opioid related.

Ivy Tech Community College will receive \$175,000 to educate and prepare specialists in addiction and mental health to combat the crisis. Meanwhile, Hamilton Center, Inc., a regional behavioral health system in Indiana, will receive \$75,000 for a pilot program to help those with an opioid use disorder who are unemployed or want to remain in the workforce while seeking treatment for their substance use disorder.

Separately, Duke Energy also is helping communities prepare for hurricanes in the wake of several major storms that have hit the Carolinas and Florida in recent years.

In Florida, a \$500,000 grant to local organizations helped assemble and distribute storm preparedness kits to vulnerable customers, who may not have the means to access the materials in other ways.

In North Carolina, the company announced more than \$1.1 million in funding to help local communities increase their response capabilities for future weather events with advance preparation and planning.

### *A Powerful Commitment to Human Rights*

Duke Energy works every day to power customers' lives and help communities thrive. A strong commitment to safety, integrity and service drives our daily efforts and future vision. We amplify this in our [Human Rights Policy](#).

The cornerstones of this policy can be found in the [United Nations Universal Declaration of Human Rights](#) and the [United Nations Guiding Principles on Business and Human Rights](#). Internally, a [Code of Business Ethics](#)

## Diverse and Local Supplier Spending

(in millions)	2015	2016	2017	2018	2019
Spending with Tier I diverse suppliers <sup>1,2</sup>	\$633	\$681	\$776	\$850	\$1,153
Spending with Tier II diverse suppliers <sup>3</sup>	\$405	\$494	\$437	\$492	\$467
Total diverse supplier spending	\$1,038	\$1,175	\$1,213	\$1,342	\$1,620
Spending with Tier I local suppliers <sup>2</sup>	\$3,300	\$3,500	\$3,670	\$4,180	\$4,940

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 or local suppliers.

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

and [Supplier Code of Conduct](#) provide the backbone to commitments outlined in the human rights policy, including:

- **Workforce:** Working conditions at Duke Energy reflect the human dignity of our workforce. We uphold human and workplace rights in all operations, treating workers fairly and without discrimination.
- **Communities and Stakeholders:** Respecting the rights of people where they live, work and play includes doing business in ways that protect the environment and mitigate adverse impacts from our operations.
- **Suppliers and Partners:** Supplying goods and services to Duke Energy requires adhering to these same commitments and applying them locally and around the world.

Duke Energy employees, suppliers, customers and other stakeholders can report a human rights concern anonymously by phone or online through the company's EthicsLine, or directly to company personnel. In 2019, no human rights concerns were raised through the company's EthicsLine or internal channels.

Respect for human rights is an imperative to powering lives. Duke Energy is proud to embrace the ongoing process of educating, learning, evaluating and improving how we operate.

## Supporting Suppliers Who Share Our Values

In 2019, Duke Energy spent more than \$13.5 billion purchasing goods and services used to provide electricity and natural gas to our customers.

The company strives to improve the lives of our customers and the vitality of our communities by consistently considering supplier diversity, local economic impact, and environmental stewardship as part of our sourcing practices.

Since 2015, Duke Energy has spent more than \$1 billion annually with minority-, women-, veteran-, service-disabled veteran-owned and federal HUBZone-certified businesses. The spending has grown an average of 10 percent per year, with 2019's spending coming in at \$1.6 billion.

As for spending with local suppliers, Duke Energy's figure has exceeded \$4 billion since 2018.

Our local economic impact and community outreach were two of several factors that led to us earning the Hispanic Chamber of Metro Orlando's Corporate Procurement Group of the Year Award. The award is presented to the corporation who has done the most, overall, in increasing its spending with Hispanic and other diverse suppliers, and managing initiatives to assist these suppliers.

Duke Energy's [Supplier Code of Conduct](#) describes in detail our expectations of suppliers.

We also partner with industry peers and suppliers to advance sustainability best practices in the utility sector through our work with the [Electric Utility Industry Sustainable Supply Chain Alliance](#).