

# 2007 sustainability plan

This sustainability plan reflects Duke Energy’s commitment to conduct our business in a way that creates long-term benefits for our stakeholders, our environment and our company. It recognizes and addresses the key economic, environmental and social opportunities and risks facing our industry today and in the future. This plan expands on the company’s business strategy and values. Unless otherwise noted, our intent is to achieve the goals in this plan by 2012. We expect to refine the goals with more quantifiable measures

in the future. We have listened to and incorporated feedback from our stakeholders into this plan. The plan does not endeavor to cover every sustainability initiative at Duke Energy – and there are many. Instead, we focus on those areas that matter most from a sustainability risk and opportunity perspective. We will report progress against these goals in this annual sustainability report and other public venues.

Area of Focus	Goals
<p><b>PRODUCTS &amp; SERVICES</b> Provide innovative products and services for a carbon-constrained, competitive world</p> <p><i>Why it matters:</i> Our customers want products and services that keep them competitive regionally and globally, yet respond to environmental concerns.</p>	<ul style="list-style-type: none"> <li>• Champion energy efficiency as a top industry issue and collaborate with regulators, customers and other key stakeholders to advance innovative policies and programs</li> <li>• Aggressively pursue “smarter grid and meter” technologies that can deliver significant operational and customer benefits</li> <li>• Expand green power options to customers in every state we operate</li> <li>• Keep rates competitive and achieve top quartile customer satisfaction in all markets as measured by national benchmark surveys</li> </ul>
<p><b>ENVIRONMENTAL FOOTPRINT</b> Reduce our environmental footprint</p> <p><i>Why it matters:</i> As an energy company, we have a large impact on the environment and depend on natural resources for much of our fuel.</p>	<ul style="list-style-type: none"> <li>• Diversify our fuel mix and address the climate change issue by:               <ul style="list-style-type: none"> <li>• Promoting U.S. federal policy mandating economy-wide reductions of greenhouse gas emissions</li> <li>• Creating the option to build new nuclear (carbon free) generation</li> <li>• Piloting clean coal and other innovative technologies, e.g., advanced integrated gasification combined cycle technology, geological carbon dioxide sequestration</li> <li>• Securing cost-effective alternative sources of energy</li> <li>• Reducing, avoiding and/or sequestering at least 10 million tons of carbon dioxide equivalents over the next eight years (2007-2014)</li> </ul> </li> <li>• Continue to focus on safe, reliable and efficient power plant operations</li> <li>• Model energy efficiency internally</li> <li>• Deliver on our commitment to significantly reduce nitrogen oxides and sulfur dioxide emissions by completing remaining projects to install state-of-the-art emission reduction technologies</li> <li>• Develop the next generation of environmental goals in 2007 – considering air, water, waste and land management – to further reduce our footprint</li> </ul>

(Left to right) The Energy Explorium is an interactive center located at McGuire Nuclear Station, which allows visitors to learn about energy.

Belews Creek Steam Station, located on the Dan River near Belews Creek, NC is one of our largest coal-fired generating stations.

Annual wood duck banding on wetlands at East Bend Station near Union, KY tracks migration routes and helps provide valuable biological information.



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<p><b>QUALITY WORKFORCE</b> Attract and retain a diverse, high-quality workforce</p> <p><i>Why it matters: Energy companies will be differentiated by the quality, creativity, and customer focus of their employees.</i></p>	<ul style="list-style-type: none"> <li>• Achieve zero fatalities and top decile safety performance in total incident case rate (TICR)</li> <li>• Develop a culture of wellness by encouraging, supporting and rewarding improved employee health and well-being</li> <li>• Attract, retain and engage a diverse, talented workforce by:               <ul style="list-style-type: none"> <li>• Implementing a more effective employee recruitment and development plan</li> <li>• Developing and implementing innovative employee programs and benefits, e.g., alternative work locations</li> <li>• Launching ways to transfer or retain critical knowledge given that approximately 40 percent of the workforce will be eligible to retire in the next five years</li> </ul> </li> <li>• Drive understanding of the value of sustainability within the company to inspire ideas and innovation</li> </ul>
<p><b>STRONG COMMUNITIES</b> Help build strong communities</p> <p><i>Why it matters: Our success is linked to the health and prosperity of the communities we serve.</i></p>	<ul style="list-style-type: none"> <li>• Partner to stimulate economic growth in our communities by attracting 12,500 jobs and \$2.4 billion in capital investment in 2007</li> <li>• Invest over \$15 million annually in community programs that improve the quality of life in our communities</li> <li>• Implement tools for our communities to use that will support their long-term planning</li> <li>• Develop and implement strategies to address future water issues that will arise from continued population growth in the Carolinas</li> <li>• Increase spending with diverse suppliers by 5 percent a year</li> <li>• Implement initiatives to support public safety in our communities</li> </ul>
<p><b>GOVERNANCE &amp; TRANSPARENCY</b> Be profitable and demonstrate strong governance and transparency</p> <p><i>Why it matters: Creating shareholder value and earning the trust and confidence of our many stakeholders keeps us in business.</i></p>	<ul style="list-style-type: none"> <li>• Provide investors a superior and sustainable return on their investment</li> <li>• Assure that we have effective ethics and compliance programs</li> <li>• Regularly benchmark our corporate governance practices against best-in-class and industry peers and recommend revisions as appropriate</li> <li>• Assess our supply chain (services and products) from a sustainability perspective and implement appropriate follow-up actions</li> <li>• Communicate clearly and frequently with our stakeholders</li> </ul>