

STRONG COMMUNITIES

Help build strong communities

strong communities

CHALLENGE

- Help keep our service regions competitive with other locations so that they can attract and retain the people, services and job opportunities that make a community vibrant

OPPORTUNITY

- Duke Energy's customer and community programs can help differentiate the regions we serve

GOALS

- Partner to stimulate economic growth in our communities by attracting 12,500 jobs and \$2.4 billion in capital investment in 2007
- Invest over \$15 million annually in community programs that improve the quality of life in our communities
- Implement tools for our communities that will support their long-term planning
- Develop and implement strategies to address future water issues that will arise from continued population growth in the Carolinas
- Increase spending with diverse suppliers by 5 percent a year
- Implement initiatives to support public safety in our communities

2006 ECONOMIC DEVELOPMENT

Duke Energy was a key contributor to the economic growth of its service territories in 2006. The three economic development regions – the Carolinas, Indiana and Greater Cincinnati – were instrumental in attracting new industry, helping existing customers expand and working with local communities to promote a favorable business environment.

Our team of experienced business and economic developers had an extraordinary year and helped create more than 17,000 new jobs and attract \$5.1 billion in new capital investment across our service areas.

Citigroup, GSI Commerce Solutions, Pfizer, Poly-America and Fidelity are among the companies that chose Duke Energy-served sites for their expansion and relocation needs. Driven by efforts from our economic development staff and state and local economic development professionals, we continued to diversify our economy by attracting high-wage and technology-intensive businesses.

SUPPLIER DIVERSITY

Duke Energy's commitment to diversity extends beyond its employees to include suppliers, community organizations and our customers. We have a focused effort to identify and support businesses owned by women, minorities and veterans. Our philosophy is that with a more diverse supplier base, we have stronger competition, which benefits our company and our communities.

2006 Diversity Expenditure* (in millions)		
2005	2006	Increase over 2005
\$132.1	\$143.2	8.4%
* "Diversity" means women-, minority-, and veteran-owned businesses.		

ENERGY ASSISTANCE

Duke Energy offers a number of initiatives to assist low-income customers, including programs that help customers reduce costs by improving energy efficiency, as well as programs and policies supporting energy assistance.

In 2006, over \$10 million was contributed by Duke Energy, its customers, and the Duke Energy Foundation to energy assistance programs in the communities we serve. We partner with social service agencies to administer the programs in order to make energy assistance part of an integrated response to customers in need. In some cases, our customers and our Foundation also contribute funds for energy assistance.

The programs for energy assistance go by different names in the regions we serve:

- North and South Carolina: Share the Warmth, Fan Relief and Cooling Assistance
- Ohio: HeatShare
- Kentucky: WinterCare
- Indiana: Helping Hand

CONTRIBUTING TO OUR COMMUNITIES

In addition to providing safe and reliable energy and serving as a major employer, Duke Energy also contributes to its communities with charitable grants and volunteerism.

In 2006, charitable contributions totaled over \$19 million. Adding in other company contributions, in-kind donations, employee and retiree volunteer time and their contributions through

company programs and campaigns, Duke Energy – and its people – contributed close to \$29 million in 2006.

PUBLIC SAFETY

Duke Energy has a number of programs to educate the public about electric and gas safety. In 2006, we organized, updated and expanded our public safety information on a number of topics, including:

- Call Before You Dig
- Report a Power Outage
- Report a Gas Leak
- Right of Way Management
- Electric Safety
- Gas Safety
- Nuclear Emergency Preparedness
- Contractors & First Responders Safety
- Kids Safety
- Identifying a Duke Energy Employee

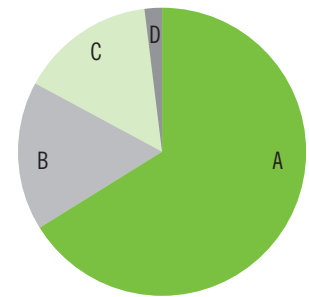
To learn more about any of these topics, please visit our Web site at: www.duke-energy.com/safety/.

Duke Energy concentrates its electric and natural gas safety messages on four main audience groups: contractors, emergency first responders, school children and customers. We offer English and Spanish language booklets, videos, decals, trainers' guides and other materials upon request.

We also continued radio, television and newspaper safety messages, bill inserts and natural gas and electric safety demonstrations in our service areas.

2006 CONSOLIDATED GIVING

Each year, we aggregate all of the contributions made by Duke Energy, including Foundation and other cash contributions; in-kind gifts and services; and the contributions and volunteerism of our employees and retirees. In 2006, Duke Energy giving totaled close to \$29 million.



A	Foundation Charitable Donations	65%
B	Employee/Retiree Volunteer Time	16%
C	Employee/Retiree Giving	15%
D	Cash & In-Kind Goods/Services	4%

In addition, Duke Energy Carolinas continues to share its Bulk Power Marketing (BPM) profits through programs with industrial customers, the economic development community and public assistance agencies in the Carolinas. Charitable contributions from BPM profits to non-profit organizations in 2006 totaled over \$6.4 million. These grants benefitted energy assistance programs, the North Carolina Community College Grant Program and AdvanceSC for education in South Carolina.

STRONG COMMUNITIES



UNITED WAY SUMMIT AWARD

United Way of America honored Duke Energy in 2006 with its Summit Award, recognizing the company's commitment to improving local communities.



(Left to right) Vincent Davis, Director of Customer Operations, helps build a handicapped-accessible ramp and deck in Cincinnati, OH.

Eileen Olofson and Stephanie Liles, Office and Communications Services, help at a local food bank.

Joe Needham, Senior Applications Systems Analyst, installs a new computer system at a youth camp near Indianapolis, IN.

DUKE ENERGY FOUNDATION

The Duke Energy Foundation concentrates its grants in three areas:

- **Environment and Energy Efficiency** – *Grants for conservation, training, research and energy efficiency services.*
 - People Working Cooperatively is a non-profit organization in the Greater Cincinnati area that provides critical home repairs and energy conservation services to low-income and elderly residents. In addition to Foundation funding, Duke Energy employees volunteer their time and energy to repair homes in the community.
- **Economic Development** – *Funding for skills development; pre-K-12 education focused on math, science and technology; higher education; government or other non-profit programs supporting innovative solutions for business, industry and workforce challenges.*
 - The Duke Energy Foundation provided the lead gift to create the Charlotte Research Institute (CRI) at the University of North Carolina – Charlotte. CRI offers advanced engineering and technical training to help transform our regional economy.
- **Community Vitality** – *Contributions supporting health and human services through United Way; arts and culture; energy assistance; public safety; and community leadership development.*
 - In 2006, Duke Energy employees, retirees and The Duke Energy Foundation pledged over \$4.5 million to the United Way

chapters in the communities we serve. We also partner with the American Red Cross to provide storm preparedness kits and disaster assistance.

We recognize that every community is unique, with different challenges and strengths. Requests for company resources are received and evaluated locally by our network of 70 business relations managers. By listening and responding to the varied needs of our communities, these managers help match company resources with regional needs and share best practices across our service areas. Guidelines and an application for grant funding are available at www.duke-energy.com/community/foundation.asp.

VOLUNTEERISM

Volunteerism and civic leadership are important attributes of Duke Energy's history and culture. It is part of what defines us as a company. Here are some statistics on the strength and impact of our volunteer efforts in 2006:

- Total volunteer projects: 530
- Volunteers participating: 8,000 (estimated)
- Employee and retiree volunteer hours: 268,800 (estimated)
- Number of charitable organizations reached: 375
- Number of communities helped: 167

While volunteerism is a year-round commitment at Duke Energy, we conduct an annual Global Service Event (GSE) to recognize and encourage volunteerism. In 2007, we will celebrate the 10th GSE in April and May.

GSE has become a popular way for us to show the power of our teamwork, inspire volunteerism and build our brand. During the 2006 GSE, employees and retirees spent approximately 15,000 hours planning and participating in nearly 400 volunteer projects in almost 140 communities in the U.S. and Latin America. Their efforts touched more than 290 different nonprofit organizations.

COMMUNITY PLANNING

Sustainability is a concept that is good for business *and* communities. In partnership with Global Community Initiatives (www.global-community.org), we offer a Web-based tool to help civic leaders evaluate the "sustainable health" of their communities. Participants respond to a series of questions about their local governance practices and social, economic and environmental conditions, and then receive feedback on their performance based on best practices in community planning. They also receive a list of resources to further improve their performance. This tool is available on our Web site at www.duke-energy/environment/sustainability.asp.