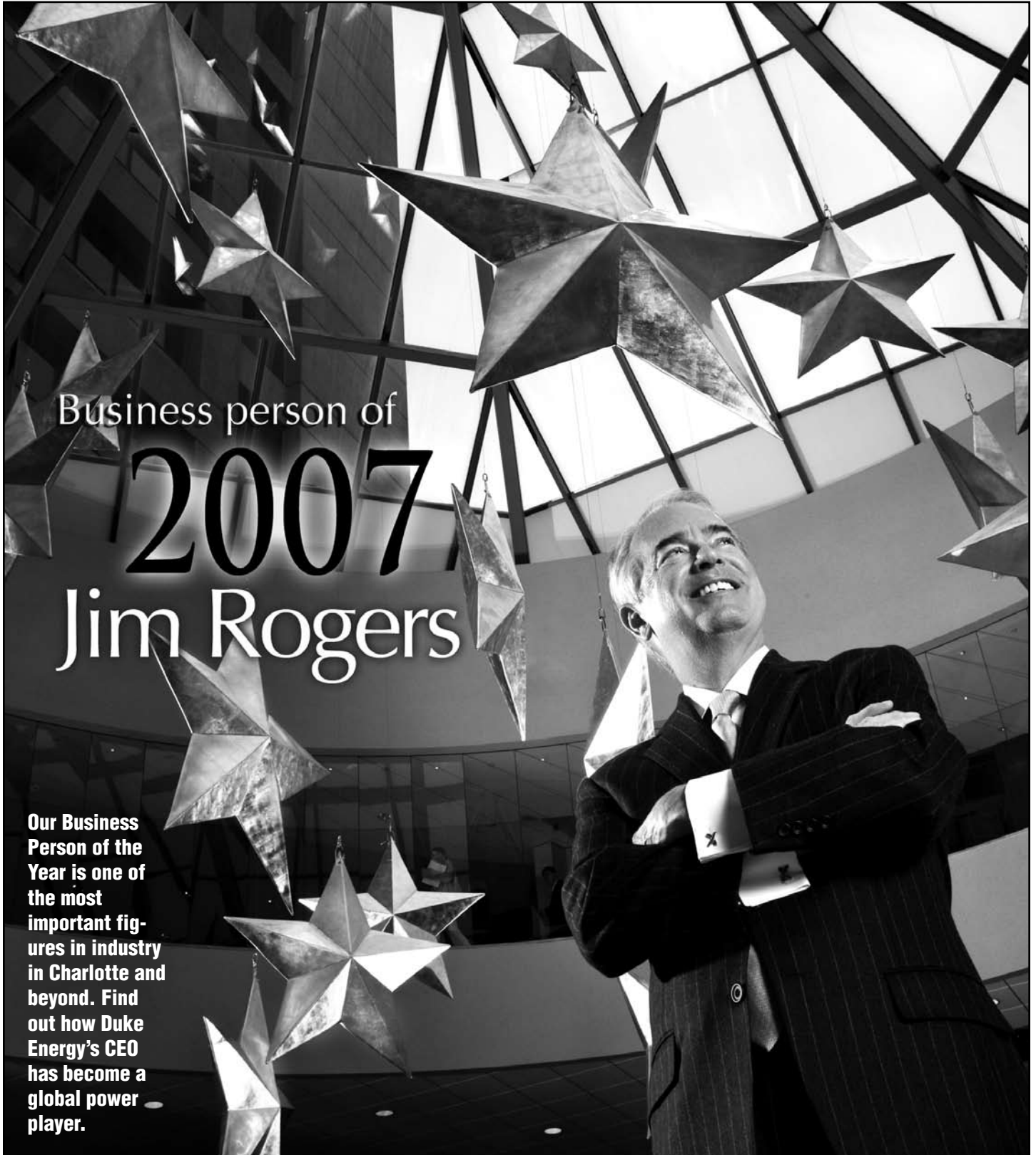


CHARLOTTE
**BUSINESS
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WEEK OF DECEMBER 28, 2007



Business person of
2007
Jim Rogers

Our Business Person of the Year is one of the most important figures in industry in Charlotte and beyond. Find out how Duke Energy's CEO has become a global power player.

photo SEAN BUSHNER

Business Person of 2007

Sudden impact

Less than two years after arriving in Charlotte, the CEO of Duke Energy has set a powerful new agenda

John Downey
Senior Staff Writer

Jim Rogers has been back in Charlotte just a couple of hours as he takes his latte and settles at a back table in the Providence Road Starbucks for a Friday evening interview.

It's been a busy week for the Duke Energy Corp. chief executive as he's shuttled to meetings and conferences from D.C. to California.

As he talks, he recalls his days as a reporter at Kentucky's *Lexington Herald*. Rogers, 60, says they helped him as a lawyer and now as the top executive of one of the nation's largest utilities.

"At the end of the day, how you explain things matters — your credibility comes from how you communicate," he says. "It all ties back to the serendipity of being a newspaper reporter. You learn to write simply."

Rogers often identifies with his listeners and tries to see the world as they do.

Speaking with regulators, he was once a regulator. He's the scion of a family that came to Bertie County before the American Revolution, which helps him relate to longtime Carolinians.

Talk about coal, and he can mention that he grew up in Kentucky, quoting *Coal Miner's Daughter* on Kentucky choices — coal mine, moonshine or move on down the line.

He speaks the same language as lawyers, entrepreneurs (he and a friend started what became Dynegy Inc.) and even pole-vaulters, for that matter (he was one in high school).

It is a quality, both his supporters and critics say, that has taken him far and fast in the energy business. And it's one facet of his quick rise as Duke CEO, which led to his selection as the *Charlotte Business Journal's* Business Person of the Year for 2007.

Utility executives can be polarizing figures. But those who know Rogers say he has a way of shaping a proposal and brokering a deal that takes into account the points of view of all the stakeholders.

He is using that approach now as he works to return Duke to its roots after the company's failed experiment as a mega-energy conglomerate.

Over the action-packed 19 months that he's headed the company since its April 2006 merger with Cinergy Corp., he's led a major transformation of Duke. As 2007 began, the company spun off its gas transmission business — roughly a third of the company. Rogers has crafted



How the winner was selected and honored

The *Charlotte Business Journal's* fifth annual Business Person of the Year Award recognizes business and community achievement of the highest level. We established four criteria on which nominees were judged:

- Financial performance.
- Personal qualities.
- Managerial skills.
- Contribution to

Charlotte's strength as a region.

Rogers follows National Gypsum Co. CEO Tom Nelson, who won last year. The *Charlotte Business Journal* selected contracting executive Pat Rodgers in 2005, Smoky Bissell in 2004, and Ken Thompson in 2003 as the inaugural Business Person of the Year.

Rogers was honored Dec. 10 at the *Charlotte Business Journal's* Best of Business award reception at the Westin Charlotte.

The award is sponsored by RSM McGladrey, Time Warner Cable Business Class and the Belk College of Business at UNC Charlotte.

photo SEAN BUSHNER

ROGERS: A global leader on carbon policies who sees a bigger picture

a proposal to spend \$19 billion over the next decade on new plants and has spent day after day, meeting after meeting aggressively selling it to skeptical ratepayers, environmentalists and regulators.

In Charlotte, he has solved space problems at headquarters, taking a big piece of Wachovia Corp.'s unfinished tower. He even played a role in bringing hundreds of jobs uptown by helping recruit The Shaw Group's power division headquarters.

And he jumped into the campaign to enhance Charlotte's cultural arts facilities.

Oh, and he's become one of the energy industry's leading global representatives on issues related to climate change, speaking in front of congressional committees, attending the World Economic Forum at Davos, Switzerland, and this fall serving on a panel at the Clinton Global Initiative in New York.

To understand how this former newspaper reporter, who grew up in small town Danville, Ky., could become such a central figure on such a worldwide topic you have to understand Jim Rogers. One thing you can be sure of: It won't take him long to understand you. He'll make a point of it.

Not long after Rogers sits for what will be an hourlong interview, he mentions he needs to leave by 6:30 p.m. James Hansen, NASA's top climate scientist, is the featured speaker at a Queens University of Charlotte rally to oppose Duke's 800-megawatt Cliffside coal unit. That's the project Rogers has spent more than a year battling regulators and environmentalists to secure.

Rogers, dressed casually in a pale teal fleece windbreaker and jeans, isn't looking for a con-

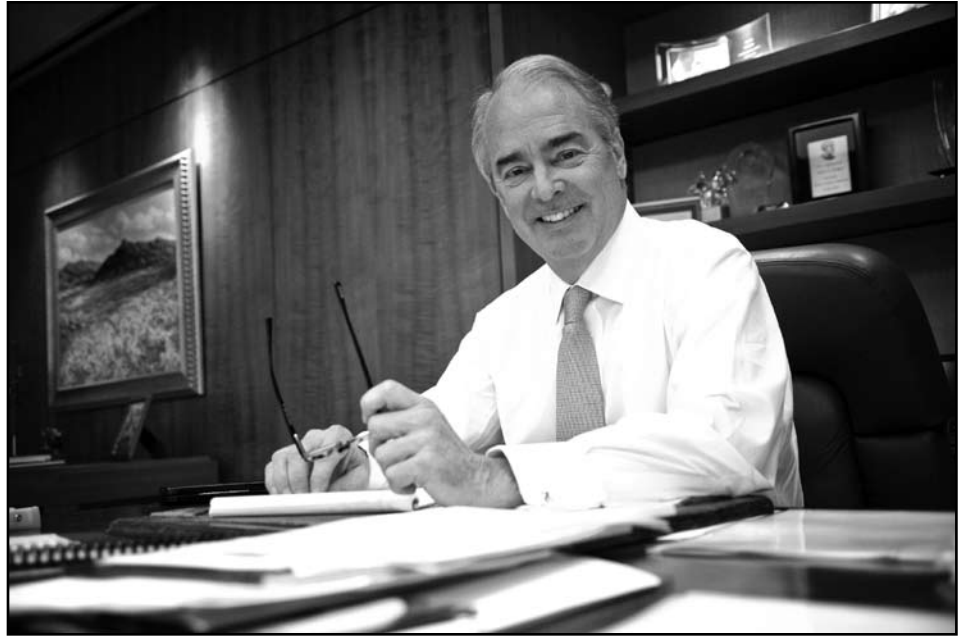


photo SEAN BUSHNER

While Jim Rogers moved into the executive suite at Duke Energy in April 2006, he's still in the process of settling in here. He bought an Eastover mansion in June after spending his first days in Charlotte ensconced in an uptown condo.

frontation. "I just want to kind of slip in and listen," he says.

A different vision

It's no surprise that Rogers would give a Friday evening to Cliffside. It's an oddly defining project for both sides of his plan to remake Duke. Originally planned as two 800-megawatt plants costing about \$2 billion, it would have spewed a lot more carbon into the air for a utility that is already the third-largest corporate source of carbon in the United States. Environmentalists tried to block it, and they thought

they had a chance when Duke announced the project's costs were skyrocketing. But in the end, N.C. regulators approved a single 800-megawatt unit expected to cost about \$1.8 billion.

Cliffside seems contrary to Rogers' vision for reducing carbon emissions, though the executive believes the coal-fired plant is needed to replace older, less efficient units.

Rogers insists there is no contradiction between Cliffside and, say, Duke's innovative conservation program — called Save-A-



photo SEAN BUSHNER

As CEO of Cinergy Corp. in 2005, Jim Rogers testified before the House Science Committee on what businesses have done and could do to help reduce greenhouse gas emissions. Rogers has appeared in front of congressional committees 15 times to discuss energy and environmental issues.

DETAILS, DETAILS

Position: Chairman and chief executive, Duke Energy Corp.

Born: Sept. 30, 1947

Education: University of Kentucky, undergraduate degree in business, 1970; law degree, 1974

Family: Wife, Mary Anne; and three children (by a previous marriage): Christy, 39, Tara, 38, and Benjamin, 36

Career: Reporter, Lexington Herald, 1967-70; assistant Kentucky attorney general and then clerk to the chief justice of the Kentucky Supreme Court, 1974-1981; deputy general counsel for litigation and enforcement, Federal Energy Regulatory Commission, 1981; Akin, Gump, Strauss, Hauer & Feld law firm, 1982-86 (made partner in 1985); vice president of interstate pipelines, Enron Corp., 1986-88; chairman and chief executive, PSI Energy Inc. 1988-94; chief executive, Cinergy Corp. 1995-2006 (became chairman in 2000); CEO, Duke Energy, 2006-present.

Watt to contrast with megawatt — that would allow the company to make money by saving energy for its customers. But it's Save-A-Watt, not Cliffside, that Rogers touts to the Clinton Global Initiative audience.

Janine Migden-Ostrander, who has clashed and cooperated with Rogers as the Ohio Consumers' Counsel, says Rogers is ahead of most CEOs on conservation issues. "My concern is whether that gets translated down to the operating companies," she says.

Ivan Urlaub of the N.C. Sustainable Energy Association also harbors doubts. Rogers has staked out a very forward position on efficiency and renewable energy, Urlaub believes. But as the details of such programs get worked out in the N.C. Utilities Commission, Urlaub says he finds Duke taking positions at odds with that approach.

For instance, the company has objected to an effort to liberalize rules that let small, private energy producers sell energy to utilities. Without the changes, Urlaub says, it will be difficult to encourage private investment in renewable energy.

"He appears to be trying to turn the tanker around, but he's getting a lot of vibration on the rudder," he says. "I hope it isn't stuck."

Rogers slips into Dana Auditorium on the Queens campus a few miles from his Eastover mansion. A crowd of about 500 has gathered to hear Hansen. Rogers knows what to expect. He has read a good bit about Hansen's take on global warming. And he finds much of it compelling. "I am just kind of curious — because I'm an advocate for addressing climate change — I am just kind of curious how he says it."

Following a path

Jim Rogers was born Sept. 20, 1947, in Birmingham, Ala., the first of four children. He was raised in Danville in burley tobacco and horse country.

He worked at the Lexington Herald while earning his undergraduate degree in business at the University of Kentucky. He quit the reporting job to attend UK's law school. After stints as an assistant Kentucky attorney general and clerk of the chief justice of that state's supreme court, he went to Washington in 1981 to work for the Federal Energy Regulatory Commission.

He soon joined Akin, Gump, Strauss, Hauer & Feld — the Washington firm of Democratic eminences Robert Strauss and Vernon Jordan — as a specialist in energy issues.

Rogers' favorite word in discussing his career is "serendipity."

What else could it have been that would have bounced him through careers in communications, business, law, energy and government until he wound up forging a whole new industry when Rogers recognized that many Texas gas companies had their product trapped for lack of pipeline access.

So he proposed creating a gas trading

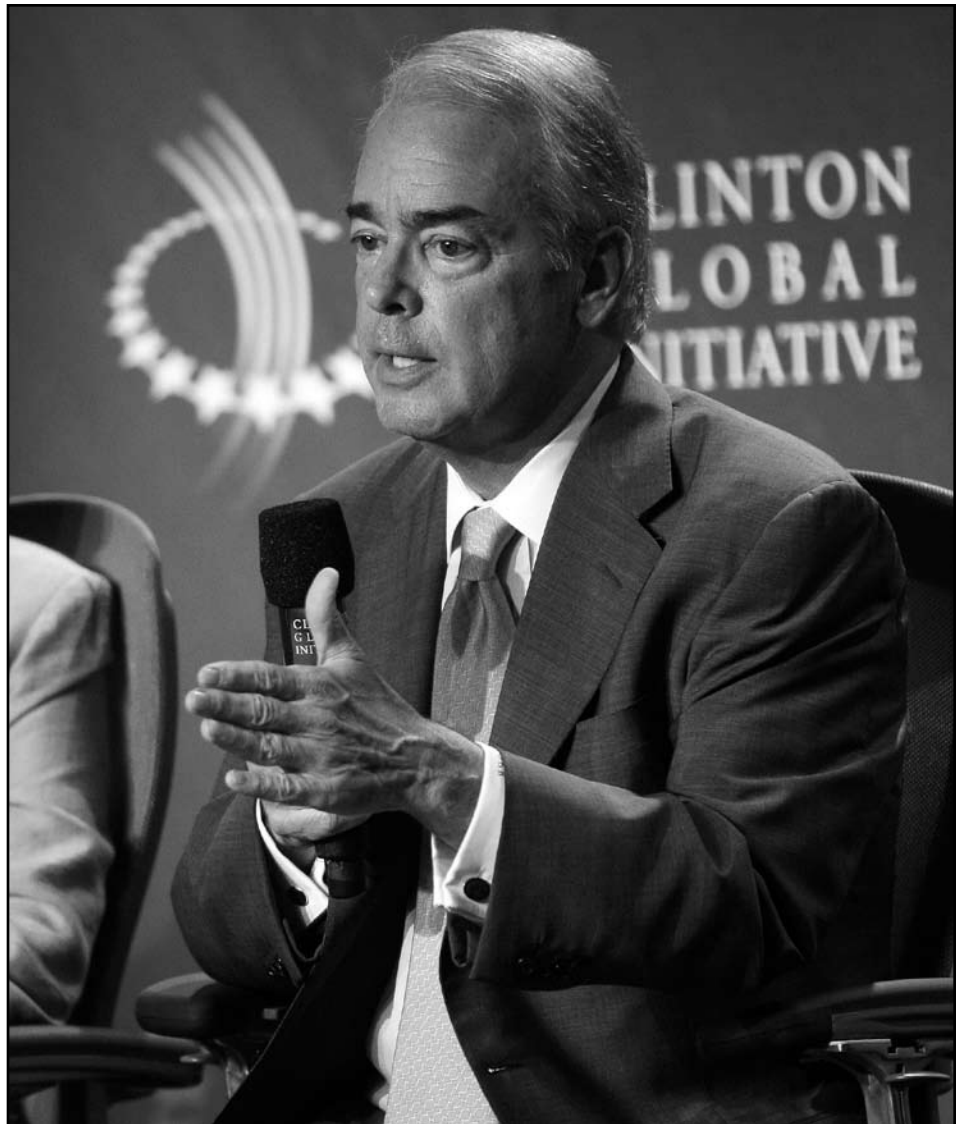


photo CHIP EAST/REUTERS

Friends in high places: Jim Rogers was a speaker during the Clinton Global Initiative in New York in September. Rogers discussed what business can do to impact global climate change.

business, a limited partnership known as the Natural Gas Clearinghouse. The firm sent Rogers to talk to John Barr, who then ran the utilities group for Morgan Stanley in New York.

"We flew around the country calling on pipelines and producers, and six eventually signed on," Barr recalls. "That was 1983, and it became one of the first natural gas marketers."

From the start, Barr says, it was clear Rogers had a great touch with people.

"What he tries to do is identify with the people he is dealing with," Barr says. "He's very good at it. It's why he's so successful now dealing with regulators and ratepayers."

That strength came into play during the Cliffside controversy. When regulators held hearings to reconsider the project as cost estimates escalated, Rogers spent days watching testimony before the N.C. Utilities Commission.

He wanted to make the company's final pitch for the project personally.

"I think this time he sensed he'd better get up and plead his case, because the commissioners had a lot of questions," Robert Gruber, head of the commission's public staff, said at the time.

Though the project was trimmed to a single unit, the commission did approve it.

At Queens, Rogers applauds as June Blotnick, head of the environmental group Carolinas Clean Air Coalition, introduces Hansen. The speech is largely technical. Hansen says greenhouse gases are pushing global warming to a tipping point. He argues the numbers show dangerous trends as stark facts.

He gets his biggest hand when he takes direct aim at Cliffside. He calls for a moratorium on the construction of new coal plants.

Rogers does not applaud.

Hansen finishes and some of the crowd leaves, though the rally continues. Rogers is among those slipping out, having had his chance to take personal measure of the scientist's arguments.

Know your opponent

Rogers learned early in his utility career to take direct measure of his critics — and to weigh their objections.

He was 41, the youngest chief executive at a publicly traded utility, trying to save PSI Resources Inc. from bankruptcy. PSI had spent \$2.7 billion on what was supposed to be a \$1.9 billion nuclear plant and then abandoned construction in 1984.

The fight over the plant, even before its failure, had been bitter. Rogers faced his first major confrontation with environmental and consumer groups.

One of the first things he did was meet with the utilities' opponents. He told them he came to listen, not to talk.

"What grew out of that experience is that we adopted the first environmental charter adopted by a power company in the U.S.," Rogers says. "It's helped shape my approach to issues."

Michael Mullet was counsel for the Citizens Action Coalition of Indiana back then. In a commentary this fall taking Rogers to task over plans for a coal gasification plant in that state, he praised Rogers's role in the PSI battles.

"He moved PSI Energy to the forefront of the national debate on power-plant emissions reduction," Mullet wrote. "He courted and won the support of the consumer and environmental groups that had so bedeviled his predecessor."

Joe Hale, then an Indianapolis architect, was impressed from the start.

"The guy was tireless whenever he did something," he says. "I watched him come and turn around a very troubled utility — not only financially, but from a morale standpoint, too."

In 1992, Hale joined PSI. That was just in time to get caught up in the maelstrom over its merger with Cincinnati Gas & Electric.

Rogers calls that struggle "a defining moment ... where everything I believed was fully tested. My belief in my own leadership; my belief in my vision of the future; my belief in my industry were all challenged in a very public way."

In December 1992, Rogers announced the proposed \$1.35 billion merger. A few months later, Indianapolis Power and Light Co. announced a hostile bid.

Rogers was accused of being a Texas high-

roller who was giving away control of Indiana's largest utility to Ohio.

Rogers went on a PR offensive, calling the Indianapolis Power and Light bid "fool's gold."

He often preaches that a company's decisions affect its customers, its shareholders, its community and its employees. The impact on all of them must always be balanced.

Indianapolis Power and Light Co. executives learned the hard way what impact the Rogers' formula can have. The merger with Cincinnati Gas & Electric that would create Cinergy was approved in September 1993 by almost a 2-to-1 margin.

Rogers threw himself and Cinergy into arts and cultural projects around the Cincinnati, the new headquarters city for the combined company.

Nick Vehr, head of Vehr Communications in Cincinnati, was on the City Council when Rogers hit town. He got to know Rogers well when they worked on an unsuccessful effort to bring the 2012 Olympics to Cincinnati. It was typical of Rogers, he says, to push the envelope like that, even when it seemed like overreaching and made other local executives uncomfortable.

His leadership on environmental issues is a prime example. Cinergy's 2004 annual report was titled "Global Warming: Can We Find Common Ground?" It took many by surprise. It was well ahead of the industry's eventual turn in its position on global warming — a turn helped by Rogers and former Duke CEO Paul Anderson.

And that same year, Cinergy put out "Air Issues: Report to Stakeholders. An Analysis of the Potential Impact of Greenhouse Gas and Other Air Emission Regulations on Cinergy Corp."

That report has been used in graduate programs on environmental studies. Dan Bakal of green-investment organization Ceres says it is the kind of information his group would like to see the Securities and Exchange Commission require of all energy companies.

Clear intent

As Rogers strolls back out onto the Queens campus following Hansen's speech, he emphasizes that Duke is working to reduce carbon emissions. But he says Duke must have the

power to make the lights go on whenever customers hit the switch.

He pauses.

He has more he wants to say, but he hasn't time.

He's late for an uptown dinner with his wife of 30 years, Mary Anne Rogers.

"Let me think about it a while," he says and promises to call and finish his thoughts in a few days.

And he does. He describes Hansen's proposed ban on U.S. coal plants as a solution that is overly simplistic. China has plans, he says, for 800,000 megawatts of coal plants in the next eight years. "That's 1,000 Cliffside."

Regulation is needed and should be international, he says. But the United States cannot stubbornly demand a single plan for all nations. China, for instance, has much stricter auto emissions standards. "There is not one solution, but many solutions for many countries."

Rogers is moving ahead with Cliffside and a proposed nuclear plant in South Carolina.

Those are exactly the kind of moves that Jim Warren, president of N.C. Waste Awareness and Reduction Network, rails against during the event that included Hansen's speech.

Warren tells the gathering he fears Duke will use its green initiatives to maximize profits with minimal conservation, to greenwash its image and "to give cover while it builds a new coal plant."

He calls on the crowd to write Rogers and oppose Cliffside. "Mr. Rogers needs to walk his talk."

Duke is also developing an Indiana plant that is designed to remove the carbon from its smokestack emissions for burial underground — though the technology is not yet perfected. It will soon announce plans to buy energy from renewable resources. But even that process has drawn heat from environmental groups.

The local Sierra Club blurbs Hansen's speech a few days after the Queens event. "We are pleased to report that the Charlotte audience for these informative talks included Duke Energy CEO Jim Rogers and several of his staff," it says.

It's clear they want to shape Rogers' understanding of the issue.

They might be surprised to learn how much he hoped for the same thing.