

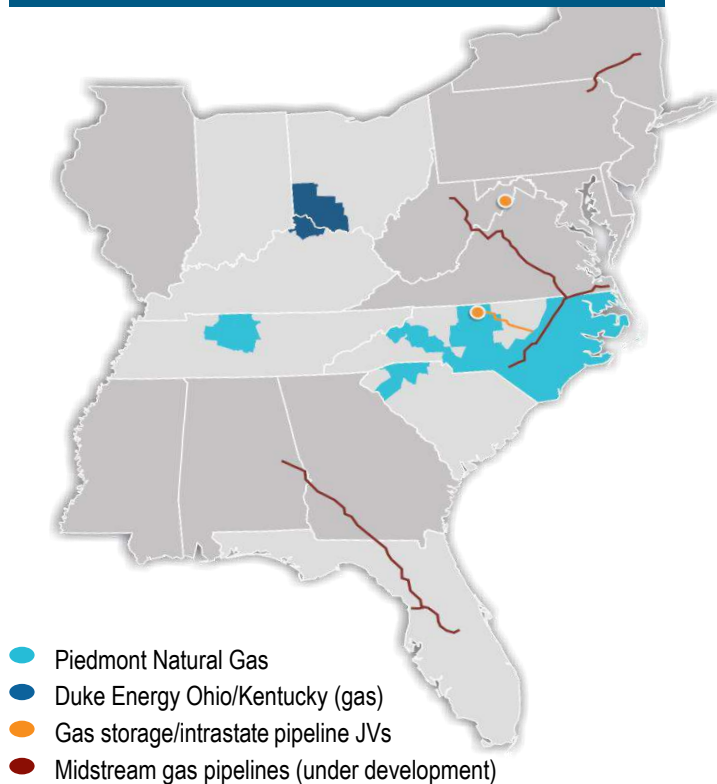
2018 KGA Annual Meeting

Duke/PNG Merger Discussion - June 13, 2018



- Overview
- Strategy
- Operating Model
- NGBU Strategy
- Best Practices
- Opportunities for Improvement

Gas Utilities and Infrastructure



	Piedmont	Duke	Total Gas
Customers	1.0MM	0.5MM	1.5MM
Distribution Pipeline	22,500 miles	7,027 miles	29,527 miles
Transmission Pipeline	2,920 miles	148 miles	3,068 miles
Compression	7 stations 72,000 hp	NA	7 stations 72,000 hp

Duke Energy / Piedmont Regional Gas Operations

Duke/Piedmont Regional Gas Operations



CHAD FRITSCHE - MIDWEST

TOD HUNTER - NORTH
MONFORT HEIGHTS - WEST
EAST WORKS - EAST

HERB JEANS - CAROLINAS WEST

REIDSVILLE
HICKORY
MAYLAND

SPARTANBURG
ANDERSON
GREENVILLE

SALISBURY
BURLINGTON
HIGH POINT

WINSTON SALEM
GREENSBORO
CHARLOTTE

KEITH NAPIER - CAROLINAS EAST

ELIZABETH CITY
TARBORO
NEW BERN

GOLDSBORO
WILMINGTON
FAYETTEVILLE

ROCKINGHAM
INDIAN TRAIL



The Road Ahead: Shaping the Future



The Road Ahead: Shaping the future

What drives us

OUR PURPOSE

Power the lives of our customers
and the vitality of our communities.

OUR PRIORITIES



Customers • Employees
Operational Excellence • Growth

Who we are

OUR VALUES





Safety • Integrity • Service

Where we're going

OUR VISION

Lead the way to cleaner, smarter energy solutions
that customers value.

OUR STRATEGY

-  Transform the Customer Experience
-  Modernize the Power Grid
-  Generate Cleaner Energy
-  Engage Employees and Stakeholders

Natural Gas Business Unit Guiding Principles for Operating Model Design

- Ensure a seamless transition for customers
- Maintain and expand customer-centered strategies and support models
- Enable organic growth by focusing on the customer and core values of convenience, control, and choice and by supporting programs like CARE & EASE
- Facilitate inorganic growth via acquisitions and / or strategic partnerships



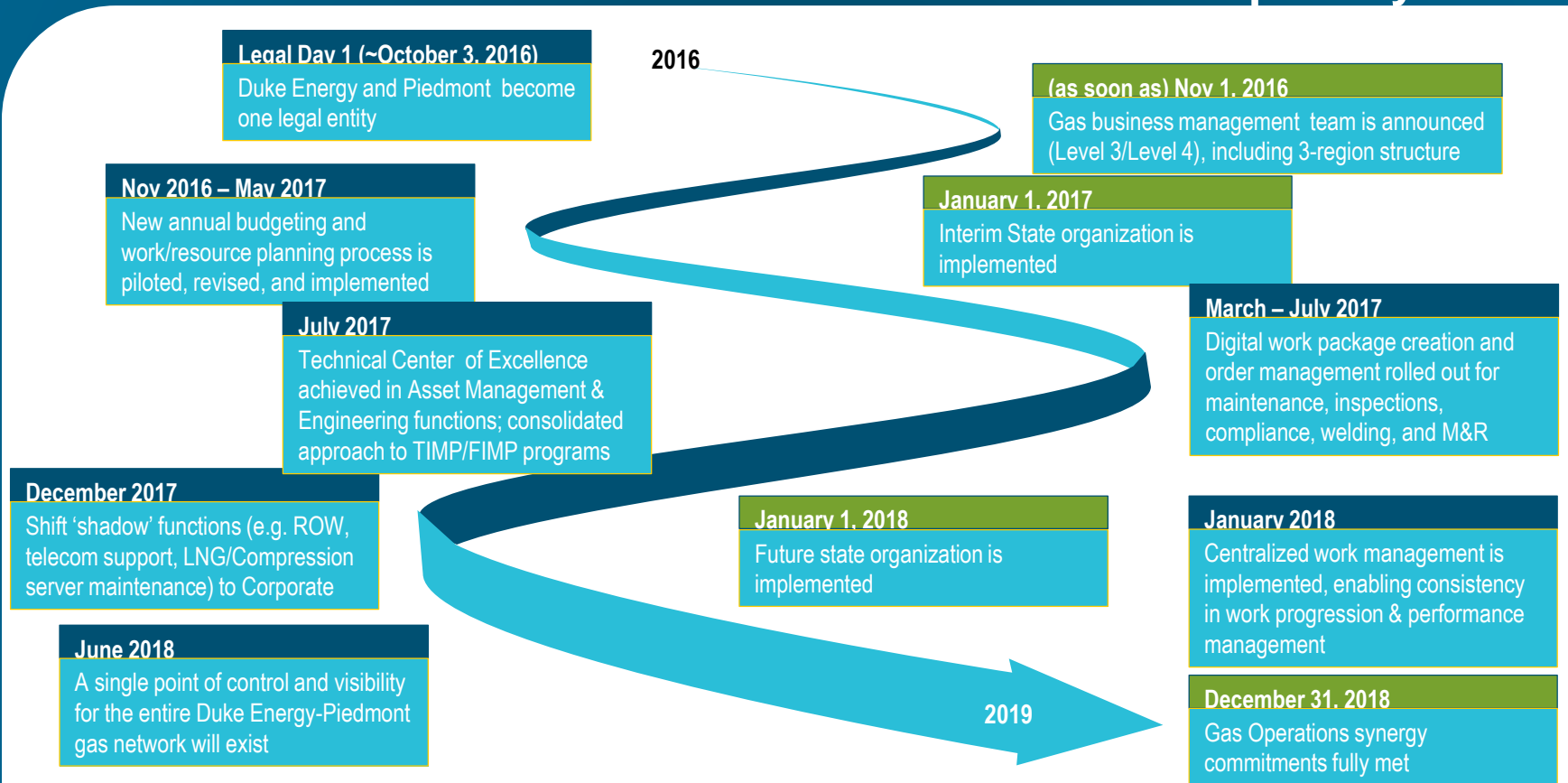
- Engage and enable our workforce by establishing clear metric driven accountabilities
 - Facilitate people development
 - Link workforce strategies to our goals of safe, reliable and affordable service
 - Emphasize central direction and local implementation
 - Take advantage larger enterprise scale
 - Leverage strengths and apply best practices
- Enable data and analytics to convert best practices into regulatory outcomes
- Apply continuous improvement practices to achieve key success metrics

ELT Organization: Utility Operations Operating Model & Organizational Objectives

- *Objective: Emphasize process efficiencies, talent development, and streamline accountability (e.g. metric-driven)*
- *Objective: Consolidate functions and ensure adequate staffing where capabilities need to be developed or improved*
- *Objective: Balance central direction and local implementation*

Functional Model

Implementation Timeline Capability Journey



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Expand Natural Gas Infrastructure

The Road Ahead – Natural Gas Business Operations

Operational Excellence =
Results + Operational Discipline



These are the building blocks to achieve and sustain Operational Excellence. Each item is vital to reach our goal.

Accountability & Competency

Accountability model
Competency framework

Management Systems

Defined objectives and associated action plans
Work standards and expectations
Risk identification and mitigation
Performance oversight

Continuous Improvement

Corrective action program
Observation program
Assessment program
Benchmarking
Lessons learned

Employee Enablement

Human performance program
Training and capability
Recognition

The Road Ahead – Natural Gas Business Operations

Exceeding Customer Expectations



The Road Ahead – Natural Gas Business Operations

What we told Wall Street

Advancing our strategic vision for the next decade



ACHIEVE
TOP QUARTILE
CUSTOMER SATISFACTION



MODERNIZE THE
ENERGY GRID

\$25 B
INVESTMENTS IN
GRID MODERNIZATION
OVER 10 YEARS



GENERATE
CLEANER ENERGY

\$11 B
INVESTMENTS IN
CLEANER GENERATION
OVER 10 YEARS⁽¹⁾



EXPAND **NATURAL GAS**
INFRASTRUCTURE

15%
PROPORTION OF OUR
BUSINESS MIX FROM GAS
IN 10 YEARS FROM 8% TODAY⁽²⁾

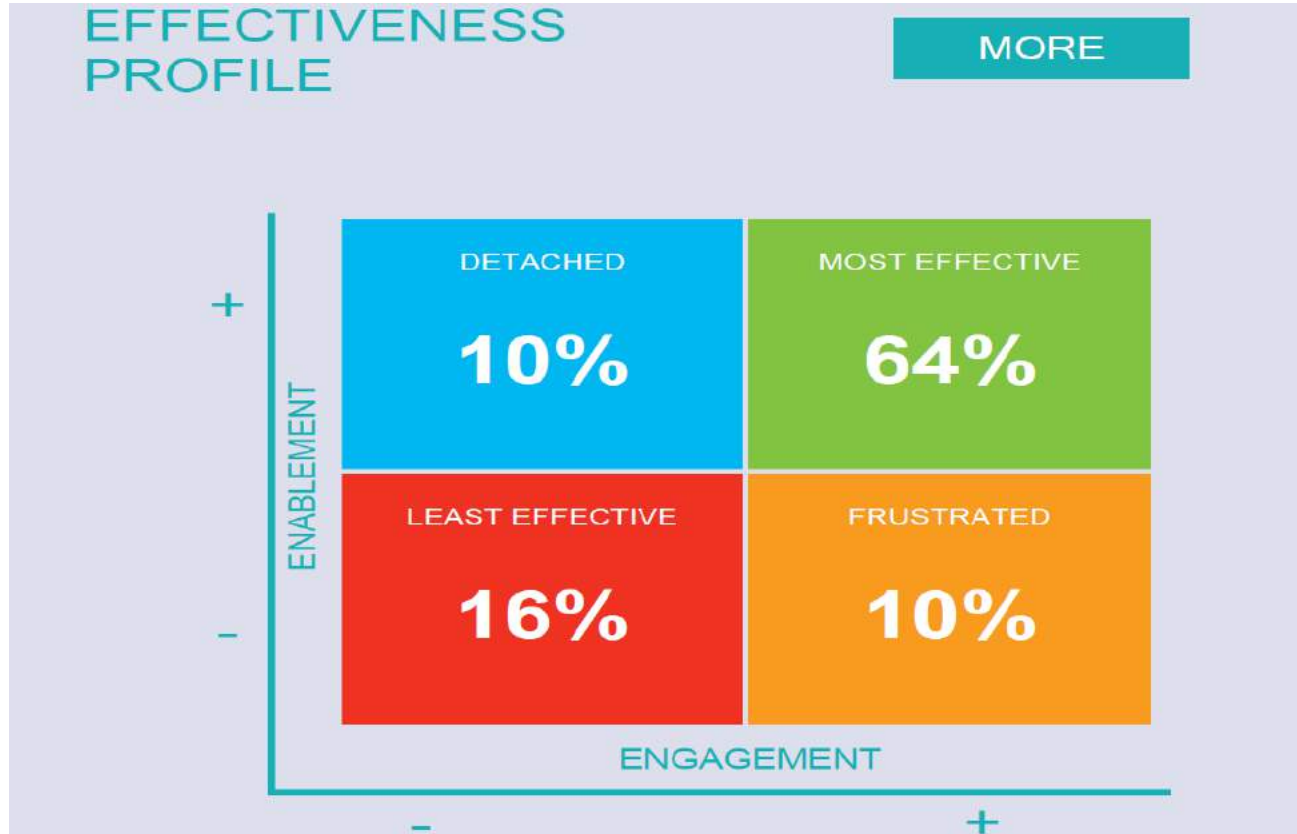
ALL
JURISDICTIONS

REVENUES RECOVERED VIA
MODERN REGULATORY MECHANISMS
WITHIN 10 YEARS

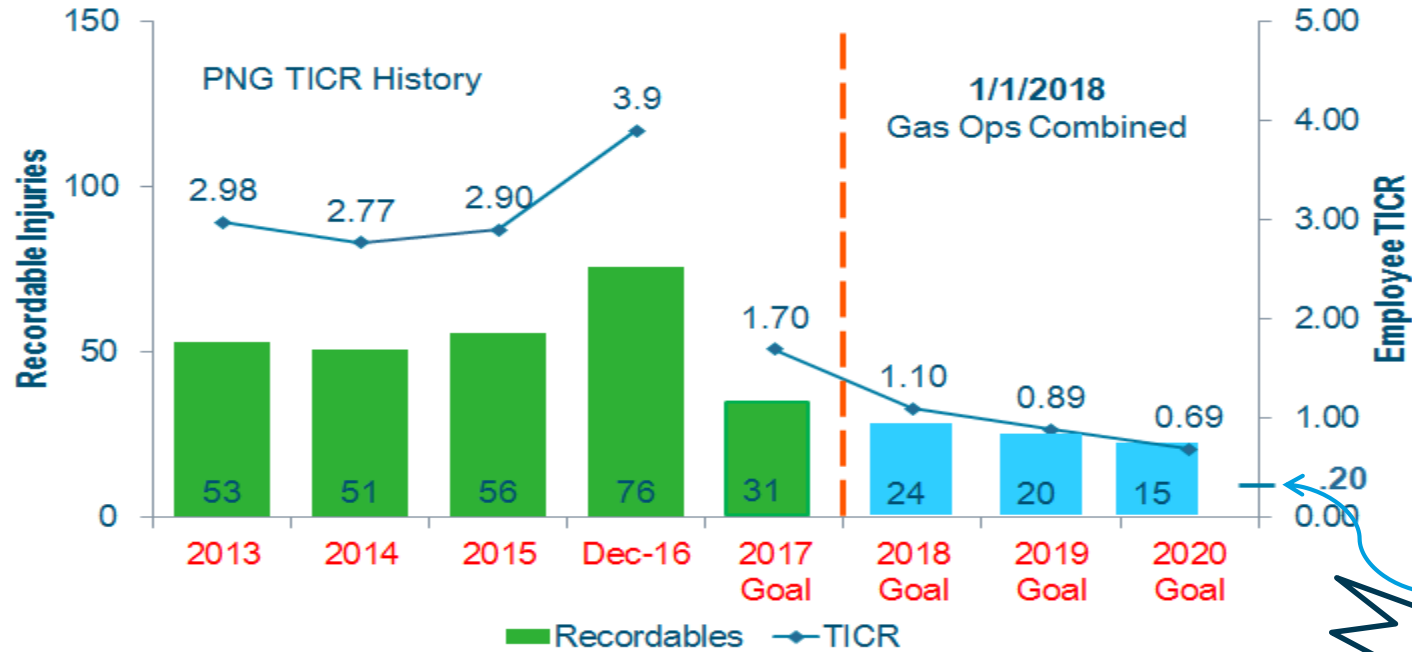
(1) Includes natural gas and renewables generation. Excludes nuclear relicensing and new nuclear projects.
(2) Based on historical annual sales.

FIRST QUARTER 2017 EARNINGS REVIEW AND BUSINESS UPDATE 6

Employee Engagement – Gas Operations



Safety Performance and Path to 2020 Goal



- 2018 Plan – Environmental, Health and Safety



Four-Turn Engagement Messaging Environmental, Health and Safety

Turn 3

- Expand your personal circle of safety
- Find ways to include and enhance, not replace, environmental safety when identifying overall safety risks.
- Include environmental safety as part of your routine of active caring, hazard recognition and personal accountability

Turn 2

- The management system provides the framework for EHS programs, processes and procedures
- Local leadership is accountable for understanding and communicating
 - The BU employees' roles and responsibilities related to the EHS MS
 - Environmental aspects and impacts and site/BU risk grids
 - How these details, impacts and risks apply to site staff
 - Examples of accountability and appropriate activity

Expand your circle of safety to include environmental awareness



EHS MS is our guidebook for environmental and personal safety



Operational Excellence provides the framework and sets the standard



We've already done a lot of good work to build a strong EHS compliance program



Start with the end in mind

Turn 4

- Adopting this model helps us to achieve Operational Excellence, highest standard in safety, optimized reliability and sustained efficiency
- We are all empowered to make suggestions when it comes to continuous improvement.
- Managers should look for recommendations from staff. Employees are encouraged to and accountable for providing ideas for improvement.

Turn 1

- More than 80 percent of the EHS MS requirements are in place already
- Knowing the environmental and safety risks and impacts of role and your work are important
- You are empowered to report issues, incidents and concerns. Knowing how to report issues or incidents is a big part of your responsibility

Contractor Program

July – December 2017	January – March 2018	April – December 2018
<p align="center">Gas Business Unit Process Improvement Plan for Contractor Program Management Alignment</p>		
<p align="center">Contractor Engagement</p>	<p align="center">Oversight and Performance Management</p>	<p align="center">Continuous Improvement</p>
<ul style="list-style-type: none"> • Keys to Life • Gas Ops Supplemental Requirements • H&S and Environmental Handbooks • Event Reporting via PIRs • Workhour Reporting • Contractor Safety Summits • Contractor Portal • Contractor Care Nursing 	<ul style="list-style-type: none"> • Establishment of defined Contractor EHS Governance Structure for Gas OPs • Compliance Assurance/"How Do You Know?" <ul style="list-style-type: none"> • Regulatory and Duke Energy • Alignment to Handbooks and Supplemental Requirements • Safe Behaviors • Hazard Identification and Risk Mitigation • Stop Work Authority/Culture • Safety Observations in Field <ul style="list-style-type: none"> • Aligned Observation platform • Critical Eye Feedback • Track and Trend Event and Observation Data 	<ul style="list-style-type: none"> • Periodic Contractor/Gas OPs Leadership Meetings <ul style="list-style-type: none"> • Sharing of Event Lessons Learned/Best Practices • ID and Correct Unsafe Behaviors and Negative Trends • Sharing of Learnings across Duke Energy BUs and across Industry

Pipeline Damage Prevention Team

Objective: To prevent and mitigate damages to natural gas pipelines from excavator dig-ins

Goals:

- Industry and Business Units Best Practices
 - ✓ Excavation Contractors
 - ✓ Line Locating Contractors
 - ✓ 811 One-Call Centers
 - ✓ Natural Gas Associations
 - ✓ Regional Gas Operations and Electric Operations
- Root Cause Analysis
 - ✓ Historical pipeline damages
- Metrics and Measures
 - ✓ DPT - “Damages Per Thousand” Locates
- Communication
 - ✓ Damage Prevention Video (bi-lingual)
 - ✓ Excavator Outreach



Opportunities for Improvement

Communications across functions
Cross Functional Projects

Challenges

Resources

Solution

Operational Excellence Lead

