

Carolinas

POWERSHARE[®] is Duke Energy's demand-response program developed to reward your business for adjusting energy consumption levels during peak time periods.

One of the toughest challenges we face is balancing energy supply to meet our communities' growing needs. Building new generation facilities is costly, time-consuming and offers no immediate relief. Demand-response programs are the cheapest, fastest and cleanest ways to meet energy demand, while providing our business customers with a means to profit from their energy curtailment.

Participation in PowerShare provides economic and environmental benefits.

The program:

- Offers cost incentives to business customers who effectively manage their energy consumption.
- Helps customers reduce their energy usage, operating costs and carbon footprint.
- Offers options and flexibility to determine load reduction in response to specific price signals.
- Helps maintain low energy rates by reducing the need for new generation plants.
- Mitigates electrical emergencies, increases system reliability and reduces customer inconvenience.
- Reduces the need to run expensive generation plants during high demand, resulting in lower wholesale market prices and end-user savings.
- Provides opportunity for customers to help shape future programs aligned to meet their business objectives.

With PowerShare[®], you choose the options that best fit your company's operations.



Mandatory Curtailment Option

Enrollment in the Mandatory Curtailment Option requires you to reduce and maintain load during each Mandatory Curtailment Period to the level specified in your PowerShare contract. Curtailment is activated when Duke Energy experiences capacity constraints. Capacity Credits are paid monthly and Curtailed Energy Credits are paid for the load curtailed during each event.

Voluntary Curtailment Option

Participation in the Voluntary Curtailment Option allows you to take part in Voluntary Curtailment Periods on a per event basis. If you elect to participate in an event, you should reduce and maintain your load to a level you specify prior to the event. A Voluntary Curtailment Period is initiated at Duke Energy's discretion. Notification of the event is typically provided one business day in advance. Curtailed Energy Credits are paid for the load curtailed during each event.

Generator Curtailment Option

Enrollment in the Generator Curtailment Option requires the transfer of load from the Duke Energy power source to a private generation source during each Generator Curtailment Period. A Generator Curtailment Period is implemented when Duke Energy experiences capacity constraints. Capacity and Energy Credits are paid for the load transferred to the generator during tests and events.

CallOption

Participation in the CallOption program requires you to reduce and maintain a predetermined load during Emergency and Economic Curtailment Periods. In exchange for selling Duke Energy a "call option" on a portion of your load, you will receive a monthly credit on your energy bill. Load Reduction Credits are paid for the load curtailed during events.

For each of the above options, satisfactory compliance is required for continued participation and payment of credits. In certain situations, financial penalties are assessed for failure to perform.



Mandatory Curtailment Option

Duke Energy may request a customer to curtail service under this option when there are capacity constraints.

Under the Mandatory Curtailment Option, participants:

- Must provide a minimum of 200 kilowatts (kW) of curtailable load.
- Agree to reduce and maintain load to the Firm Demand specified in their contract during each event.
- Are given a 30-minute notice (minimum) prior to activation using the customer's preferred communication channel (email, text message, phone, etc.).
- Are provided with a Capacity Credit of \$3.50 per kW each month, even if there are no Curtailment Periods during the month.
- Are eligible for Curtailed Energy Credits of \$0.10 per kilowatt-hour (kWh) during Curtailment Periods.

Mandatory Curtailment Periods will not exceed 10 hours per day and 100 hours per year.

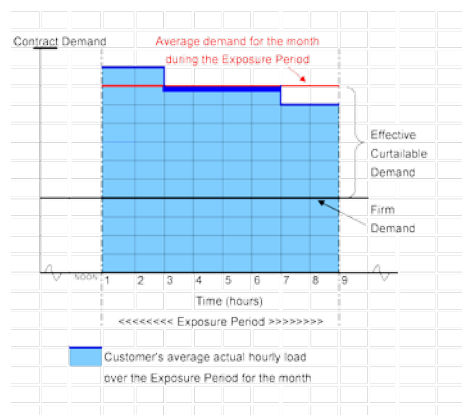
Capacity Credits are determined by multiplying the Effective Curtailable Demand by \$3.50 per kW. The Effective Curtailable Demand is calculated by averaging the actual hourly load minus the Firm Demand over the exposure period.

Curtailed Energy Credits are based on the load curtailed between a Forecasted Demand and the Firm Demand level during each Curtailment Period.

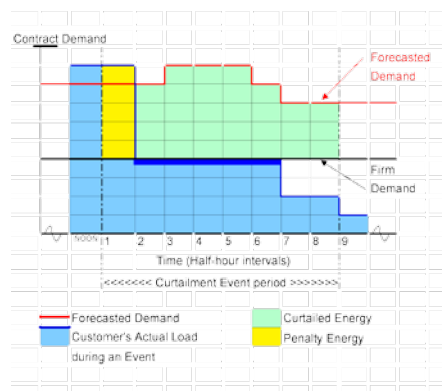
Penalty Charge is \$2 per kWh for load above the Firm Demand level during a Curtailment Period.

Customers on the Hourly Pricing (HP) Rate are only eligible for the Mandatory Curtailment Option. Due to the design of Schedule HP, Capacity Credits and Curtailed Energy Credits for HP customers are not calculated in the same manner as other customers. Please contact your account manager for details.

Calculation of Monthly Capacity Credit



Calculation of Curtailed Energy Credits



Voluntary Curtailment Option

If capacity and market conditions exist such that curtailment is a cost-effective method of managing power demand, Duke Energy may offer customers an invitation to participate in a Voluntary Curtailment Period, which pays market-based energy credits to participants.

Under the Voluntary Curtailment Option, participants:

- Are typically invited to participate in a Curtailment Period one business day in advance of the event.
- Accept, at their option, an invitation to participate in a Curtailment Period prior to the beginning of the event.
- Are required to provide a minimum of 200 kW of curtailable load.
- Agree to reduce and maintain load to the Firm Demand level, which is established prior to each Curtailment Period.
- Are eligible for Curtailed Energy Credits during Curtailment Periods.

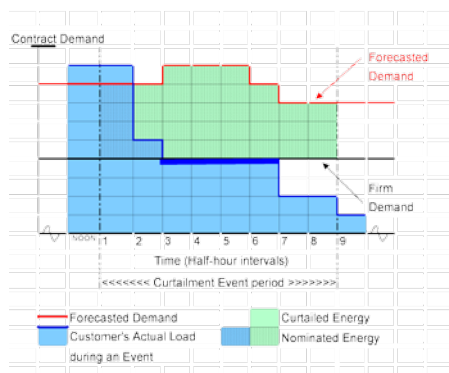
Invitations to participate in a Voluntary Curtailment Period will be made through the customer’s communication channel of choice (email, text message, phone, etc.). The customer’s nomination of a Firm Demand and Duke Energy’s acceptance are processed through the My Duke Energy website. Nominations are accepted in the order they are received.

Voluntary Curtailment Periods are offered at the discretion of Duke Energy. The invitation to participate includes the start and stop time of the Curtailment Period, the hourly Energy Prices offered for the curtailed load, and the customer’s Forecasted Demand.

Curtailed Energy Credits are based on load curtailed between a Forecasted Demand and the Firm Demand level during each Curtailment Period. They are paid only when 50 percent or more of the nominated energy is curtailed during a Curtailment Period.

Customers enrolled in the Mandatory Option can also enroll in the Voluntary Option. Mandatory and Voluntary Curtailment Periods may take place simultaneously. When this occurs, the calculation of the Curtailed Energy Credits associated with the Mandatory Event has priority and will occur prior to the calculation of the credits, if any, due for the Voluntary Event. Credits will not be paid twice for the same curtailed energy.

Calculation of Curtailed Energy Credits



Generator Option

Duke Energy may request a customer to curtail service under this option when capacity constraints exist.

Under the Generator Option, each participant:

- Must transfer a minimum of 200 kW of load from the utility source to the generator during Curtailment Periods and monthly tests.
- Must specify a Maximum Curtailable Demand, which is the amount of load typically transferred from the utility source to the generator during Curtailment Periods and monthly tests.
- Is given a 15-minute notice (minimum) prior to activation using the customer's preferred communication channel (email, text message, phone, etc.).
- Is provided with an Average Generated Capacity Credit of \$3.50 per kW, based on performance during tests and events.
- Is eligible for an Event Energy Credit of \$0.10 per kWh during Curtailment Periods and monthly tests.

Generator Curtailment Periods will not exceed 10 hours per day and 100 hours per year.

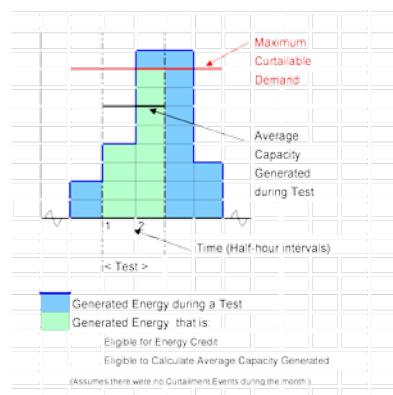
Average Generated Capacity Credits are determined by calculating the average capacity generated (see diagram below) during all Curtailment Periods and monthly tests up to the Maximum Curtailable Demand.

Event Energy Credits are based on the generated load up to the Maximum Curtailable Demand during each Curtailment Period and monthly test.

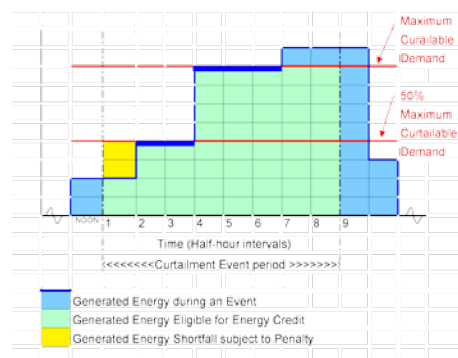
A penalty is charged for failure to deliver at least half of the committed load. The charge is \$2 per kWh for the load shortfall below 50 percent of the Maximum Curtailable Demand during each Curtailment Period.

Participants in the Generator Option are not eligible for the Mandatory Curtailment Option or Voluntary Curtailment Option.

Calculation of Monthly Average Generator Capacity Credit and Energy Credit



Calculation of Energy Credits



CallOption

This PowerShare option is ideal for customers who are able to reduce and maintain a pre-determined electrical load during Emergency and Economic Curtailment Periods. Participants receive Monthly Premium Credits, even if Duke Energy does not request or enforce a load reduction.

Under the CallOption, participants:

- Must provide a minimum of 100 kW of curtailable load.
- Are given a Monthly Premium Credit for the curtailable load made available, based on the participation option selected.
- Agree to reduce and maintain load to a predetermined target level during Emergency and Economic Events; target level is either the Firm Demand value or the value calculated by subtracting the Fixed Demand Reduction from the Proforma, hour by hour.
- Are obliged to participate in each Emergency Event called by Duke Energy; the maximum number is capped at five per year.
- Are paid Load Reduction Credits for curtailing energy during events.
- Are paid credits for energy curtailed in excess of the contractual commitment, up to 1,000 kWh for each hour of the event.

Participation Option	Maximum number of Economic Curtailment Periods	Maximum number of Emergency Curtailment Periods	Load Reduction Credit Rate for 2010*	Monthly Premium Credit Rate for 2010*	Contract Term
PS-15/5	15	5	\$0.045 per kWh	\$2.50 per kW	N.C.: Three years, beginning Jan. 1
PS-10/5	10			\$2.08 per kW	
PS- 5/5	5			\$1.25 per kW	S.C.: One year, beginning June 1
PS- 0/5	0			\$0.83 per kW	

*May be adjusted annually and reflected in the Call Option Rider.



CallOption (continued)

Economic Curtailment Periods are initiated at Duke Energy's discretion. These events occur when Duke Energy anticipates a capacity situation that presents a financial opportunity to both the customer and the company.

Customers can choose their level of participation in order to maximize credits or reduce their exposure to events. Customers may also choose to "buy through" Economic Curtailment Periods.

Economic Curtailment Periods

During Economic Curtailment Periods, CallOption participants are:

- Given day-ahead notice to reduce load.
- Informed of the economic event by email and phone message.
- Asked to curtail eight hours during the day.
- Not required to curtail on weekends and defined holidays.
- Assessed Buy-Through Charges for failure to comply.

Please note: Emergency and Economic Curtailment Periods may occur at the same time.

Economic Curtailment Periods for June through September are from 1 to 9 p.m.

Economic Curtailment Periods for October through May are from 6 a.m. to 1 p.m. (for the PS-15/5 option only).

Emergency Curtailment Periods are implemented when Duke Energy anticipates or experiences system capacity problems. The company requires CallOption customers to reduce their loads during all Emergency Curtailment Periods.

Emergency Curtailment Periods

During Emergency Curtailment Periods, CallOption customers:

- Are given a minimum of six hours of notice to reduce load.
- Are informed of the emergency event by email and phone message.
- May be required to curtail up to eight hours during the day.
- May be required to curtail on any day of the week.
- Are assessed Penalty Charges and loss of the Monthly Premium Credit for failure to comply.



PowerShare Reference and Comparison Chart

	Mandatory Curtailment	Voluntary Curtailment	Generator Curtailment	CallOption - Emergency Events	CallOption - Economic Events
Program Description	Customer agrees to curtail load to a contracted Firm Demand level during all Curtailment Periods.	Customer may elect to participate in a Curtailment Period, at which time a Firm Demand level is negotiated to which the customer may curtail and receive credits.	Customer agrees to transfer load from the utility source to a generator during all Curtailment Periods and tests.	Customer agrees to curtail load to a contracted Firm Demand level, or to the Proforma less Fixed Demand Reduction level, during all Curtailment Periods.	Customer may elect to curtail load to a contracted Firm Demand level, or to the Proforma less Fixed Demand Reduction level, during all Curtailment Periods.
Eligibility based on Rate Schedule	Available to customers served on rate schedules LGS, I, OPT, MP and HP.	Same as Mandatory except not available to customers on Schedule HP.	Same as Voluntary.	Same as Voluntary.	
Ineligibility based on Riders	Not available to customers served under IS, SG, SCG, NM, PSC or the PowerShare Generator Curtailment Option.	Same as Mandatory.	Not available to customers served under IS, SG, SCG, NM, PSC or the PowerShare Mandatory or Voluntary Curtailment Options.	Not available to customers served under IS, SG, SCG, NM, or PS.	
Contract Term	3-year initial term with automatic 1-year renewals.	1-year initial term with automatic 1-year renewals.	3-year initial term with automatic 1-year renewals.	N.C.: 3-year term beginning on Jan. 1 of each year. S.C.: 1-year term beginning on June 1 of each year.	
Curtailment Minimums	Curtail a minimum of 200 kW.	Curtail a minimum of 200 kW.	Transfer a minimum of 200 kW.	Curtail a minimum of 100 kW.	
Monthly Facility Fees	\$40 / month	\$40 / month (Waived if customer is also enrolled in Mandatory)	\$155 / month	\$0	
Monthly Capacity / Premium Credit Rate	\$3.50 kW/month	\$0	\$3.50 kW/month	PS – 0/5: \$0.83/kW/month PS – 5/5: \$1.25/kW/month PS – 10/5: \$2.08/kW/month PS – 15/5: \$2.50/kW/month	

PowerShare Reference and Comparison Chart

	Mandatory Curtailment	Voluntary Curtailment	Generator Curtailment	CallOption - Emergency Events	CallOption - Economic Events
Curtailed Energy / Load Reduction Credit Rate	\$0.10 / kWh during Curtailment Periods	Set by Duke Energy prior to the Curtailment Period and based on Schedule HP hourly prices	\$0.10 / kWh during Curtailment Periods and tests	\$0.045 / kWh during Events	
Reason for Curtailment	For Duke Energy capacity constraints only.	For Duke Energy capacity constraints or mutual economic opportunities.	For Duke Energy capacity constraints only.	For Duke Energy capacity constraints only.	For Duke Energy capacity constraints or mutual economic opportunities.
Number of Curtailment Periods	Limited to 10 hours per event and 100 hours per year.	At Duke Energy's discretion.	Limited to 10 hours per event and 100 hours per year.	Limited to 5 events per year for all Options.	Limited to: PS-0/5: 0 events PS-5/5: 5 events PS-10/5: 10 events PS-15/5: 15 events
Curtailment Period Times	Any day, any time, but limited to 10 hours per day.	Any day, any time.	Any day, any time, but limited to 10 hours per day.	Any day, any time, but limited to eight hours per day.	Any non-holiday weekday from: 1 to 9 p.m. Summer 6 a.m. to 1 p.m. Non-Summer
Curtailment Period Notification Procedures	Notification sent a minimum of 30 minutes prior to event using primary phone, email, secondary phone and text.	Invitations to participate sent prior to event using primary phone, email, secondary phone and text.	Same as Mandatory, except 15 minute advance notice.	Same as Mandatory, except six hours advance notice.	Same as Mandatory, except day-ahead advance notice.
Penalty or Buy-Through Charges	\$2 / kWh for energy above Firm Demand Level.	None	\$2 / kWh for energy shortfall below 50 percent of Maximum Curtailable Demand.	Penalty Charge based on Schedule HP hourly energy price for all energy above Firm Demand Level, or Proforma less Fixed Demand Reduction level.	Buy-Through Charge based on Schedule HP hourly energy price for all energy above Firm Demand Level, or Proforma less Fixed Demand Reduction level.

Glossary of Key Terms

Buy-Through Charge – Charge for energy used during an Economic Event that is above the Firm Demand, or above the Proforma Demand less the Fixed Demand Reduction.

Capacity Credits or Monthly Premium Credits – Credits based on a potential or actual reduction in a facility's electrical demand. Calculation of the credit varies by Participation Option.

Curtail – Reduction of the electrical demand supplied by Duke Energy.

Curtailement Period – Period of time that a customer participating in a program is expected to curtail load.

Demand Response or Demand-Side Management – Widely-accepted industry terms used to categorize the process of optimizing efficiencies through a form of energy management. Actions are required by the customer to change the amount or timing of its consumption during periods specified by Duke Energy.

Economic Curtailement Period or Event – Period of time that a customer participating in CallOption is called on to curtail load. The Event is declared by Duke Energy when the company anticipates a capacity situation that presents a financial opportunity to both the customer and the company.

Emergency Curtailement Period or Event – Period of time that a customer participating in CallOption is called on and obligated to curtail load. The Event is declared by Duke Energy when the company experiences or anticipates capacity constraints.

Energy Credits or Load Reduction Credits – Compensatory incentive for reducing load during Curtailement Periods/Events.

Energy Profiler Online (EPO) – Web-based software application that permits the viewing of usage and event information.

Exposure Period – Hours of overall peak demand during which curtailement is most likely. Exposure Period hours vary seasonally. Actual Curtailement Periods may occur outside of Exposure Periods.

Firm Demand – Portion of the Contract Demand that is not subject to interruption.

Fixed Demand Reduction – Portion of the Proforma demand that the customer commits to curtail during Curtailement Periods.

Forecasted Demand or Proforma – Estimated hourly demand that a customer would normally exhibit, absent curtailement. The values are calculated using the customer's historical hourly meter data.

Nominated Energy – Amount of energy that falls between the Forecasted Demand and the Firm Demand during a Curtailement Period.

Non-Compliant Energy – Energy consumed during an Event that is above the Firm Demand, or above the Proforma less the Fixed Demand Reduction value.

Option Load – Amount of available load eligible for Monthly Premium Credits under the Firm Demand or Fixed Demand Reduction options, which occur during the Exposure Period hours each month.

Participation Option – One of the four CallOption options that requires a customer to participate in no more than five Emergency Events and zero, five, 10 or 15 Economic Events.

Penalty Charge – Charge for non-compliant energy used during Events.

Schedule HP – Rate Schedule HP (Hourly Pricing) for Incremental Load. Applicable for North Carolina and South Carolina.

Voluntary Curtailement Period – Period of time that a customer electing to participate in a Voluntary Option Event is asked to curtail its load.