

**Duke Energy Carolinas**  
**Summary of Rate Case Filing in North Carolina**  
**Docket E-7, Sub 989**

**Major Components of Filing**

- **On July 1, 2011, Duke Energy Carolinas filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 15 percent increase in retail revenues, or approximately \$646 million:**
  - The rate case filing requests an overall rate of return of 8.64% based on approval of an 11.5% return on equity and a 53% equity component of the capital structure
  - The filing is based on a North Carolina retail rate base of \$11.2 billion as of December 31, 2010 and adjusted for known and measurable changes (hearings are expected to commence in November 2011)
- **This rate increase request is driven by:**

| Drivers   | Revenue Requirement | % of Total Request |
|---|---------------------|--------------------|
| Capital investments of \$4.8 billion* for plant modernization, environmental compliance and other capital additions (see additional information below)  | ~\$480 million      | ~74%               |
| Effects of the continued weak economy, which have resulted in lower weather-normalized sales volumes and lower Bulk Power Marketing (BPM) profits than the level currently included in base rates | ~\$68 million       | ~11%               |
| Changes in financing and other general costs, including the request to increase the allowed return on equity from 10.7% to 11.5%  | ~\$98 million       | ~15%               |

- **Capital investments of \$4.8 billion\* since the 2009 rate case, including pro-forma adjustments to reflect known and measurable changes include:**
  - Cliffside 5 Scrubber - \$565 million
  - Cliffside Unit 6 Construction Work in Progress - \$640 million incremental investment compared to approximately \$1 billion already included in base rates
  - Buck Combined Cycle Project - \$700 million
  - Bridgewater Powerhouse Replacement - \$180 million
  - Oconee Nuclear Upgrades - \$135 million
  - Transmission and Distribution - \$1 billion
  - Nuclear Fuel - \$210 million
  - Capital maintenance and other general projects - \$1.4 billion
- **If approved by the NCUC, rates would likely go in effect in February 2012**

\* Represents DE Carolinas in total; NC allocable portion is ~70%