

Duke Energy Carolinas

Summary of Base Rate Case Order in North Carolina

Major Components of Order

- **\$315 million increase in base rates (65% of requested \$482 million total):**
 - \$315 million increase in base rates implemented at 1/1/2010
- **In addition to the base rate increase, there are 4 temporary riders:**
 - One year rider starting 1/1/2010 to defer Cliffside CWIP cash recovery in the amount of \$89 million (deferred until 1/1/2011)
 - There is no earnings impact due to this rider as Duke Energy Carolinas will accrue a similar amount as AFUDC in 2010
 - 16 month rider starting 1/1/2010 and ending 4/30/2011 to recover carrying costs associated with coal inventory balance exceeding 40 day supply (current estimate of \$12 million in 2010)
 - One year rider starting 1/1/2010 to accelerate return of \$50 million in fuel over-collections (no earnings impact)
 - Rider to return distributions related to nuclear insurance starting 1/1/2010 and ending 12/31/2011 to return \$40 million annually to NC retail customers (\$80 million cumulative effect and no earnings impact)
- **Duke Energy Carolinas agrees to forgo a general rate case filing in 2010. Earliest general rate case filing will be in 2011, using a 2010 test year with rates effective no sooner than 1/1/2012**
- **Allowed ROE of 10.7%, common equity of 52.5%**
- **Order from the North Carolina Utilities Commission approving settlement agreement issued on 12/7/2009 – approved rates effective 1/1/2010**

Rate Increase Impacts (reflects net impact of base rate and rider changes):

(\$ in Millions)	2010	2011	2012
Base Rates	\$315	\$315	\$315
Deferral of Cliffside CWIP Cash Recovery (no earnings impact)	(89)		
Estimated Carrying Charges on Coal Inventory	12	2	
Return of Fuel Over-Collection (no earnings impact)	(50)		
Return of Nuclear Insurance Distributions (no earnings impact)	(40)	(40)	
Cumulative Net Increase to Customers (\$)	\$148	\$277	\$315
Cumulative Net Increase to Customers (%)	3.8%	7.0%	8.0%*

*Does not include any potential rate increases from general rate case proceedings that may take effect in 2012.