

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 847

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application of Duke Energy Carolinas, LLC) NOTICE TO
Pursuant to G.S. 62-133.2 and NCUC) CUSTOMERS
Rule R8-55 Relating to Fuel and Fuel) OF CHANGE
Related Cost Adjustments for Electric) IN RATES
Utilities – 2008)

NOTICE IS GIVEN that the North Carolina Utilities Commission entered an Order in Docket No. E-7, Sub 847, on August 8, 2008, after public hearings, approving fuel and fuel-related charge rate increases of 0.3476, 0.3473 and 0.3497 cents per kWh (including North Carolina gross receipts tax and regulatory fee) for Residential, General Service/Lighting and Industrial customer classes, respectively, or approximately \$191,451,000 on an annual basis, in the rates and charges paid by the retail customers of Duke Energy Carolinas in North Carolina, effective for service rendered on and after September 1, 2008. The rate increase was ordered by the Commission after review of Duke Energy Carolinas' fuel and fuel-related expenses during the 12-month period ended December 31, 2007, and represents actual changes experienced by the Company with respect to its reasonable cost of fuel and fuel-related cost during the test period. Pursuant to G.S. 62.133.2(a2)(1), the net fuel and fuel-related cost factors for the Residential, General Service/Lighting and Industrial customer classes are 2.2519, 2.2516 and 2.2540 cents per kWh respectively.

The change in approved rates will result in a monthly net rate increase of approximately \$3.48 for each 1,000 kWh of usage per month for the Residential customer class, \$3.47 for each 1,000 kWh of usage per month for the General Service/Lighting customer class, and \$3.50 for each 1,000 kWh of usage per month for the Industrial customer classes.

Additionally, the Commission approved a rate increase of .1592 cents per kWh (including North Carolina gross receipts tax and regulatory fee) in the rates and charges paid by the retail customers located in Duke Energy Carolinas' Nantahala Area, effective for service rendered on and after September 1, 2008. The rate increase was ordered in connection with the transition of these customers to Duke Energy Carolinas' rates and is intended to recover, over several years, the reasonable net deferred purchased power costs incurred by the Company in providing service to these customers prior to January 1, 2008.

The additional change in approved rates for Nantahala Area customers will result in an additional monthly net rate increase of approximately \$1.59 for each 1,000 kWh of usage per month.

ISSUED BY ORDER OF THE COMMISSION.
This the 8th day of August, 2008.

NORTH CAROLINA UTILITIES COMMISSION
Gail L. Mount, Deputy

09/08J