

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION**

NOTICE TO CUSTOMERS

DOCKET NO. E-7, Sub 909

In the Matter of Application of Duke Energy Carolinas, LLC For An Increase in and Revisions to Its Rates and Charges Applicable to Electric Utility Service in North Carolina

DOCKET NO. E-7, Sub 831

In the Matter of Application of Duke Energy Carolinas, LLC For Approval of a Save-A-Watt Approach, Energy Efficiency Rider and Portfolio of Energy Efficiency Program.

DOCKET NO. E-7, Sub 872

In the Matter of Application of Duke Energy Carolinas, LLC Pursuant to G. S. 62-133.8 and Commission Rule R8-67 Relating to Incremental Costs for Compliance with the Renewable Energy and Energy Efficiency Portfolio Standard

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) entered an order on December 9, 2009 in Docket No. E-7, Sub 909, after public hearing, approving a \$315,163,000 rate increase in the annual non-fuel revenues from rates and charges paid by customers of Duke Energy Carolinas, LLC in North Carolina. The base rate increase, effective for usage on and after January 1, 2010, is the result of the Commission's approval of a Stipulation and Agreement of Settlement (Stipulation) among certain parties to these proceedings. As a part of the Company's proposal and the Stipulation, certain costs adjusted outside a general rate case will be recovered or credited via a cents per kilowatt hour increment or decrement rider applied to the customer's bill calculated on the appropriate rate schedule, rather than such costs being incorporated in the energy charges of the rate schedules as has been done previously. Additionally four new cents per kilowatt hour riders are effective January 1, 2010. The net effect of these riders reduces the full impact of the rate increase in 2010. These new riders include a CWIP decrement rider to delay the recovery of Cliffside construction costs for one year, a decrement rider to flow to customers nuclear insurance distributions, and a decrement rider to accelerate the return of over collected fuel costs. The fourth new Rider is an increment to recover costs related to fuel inventory. The Stipulation also provides for some other changes to the available rate schedules as follows: A new-energy only time of use schedule OPT-E is available as a pilot to nonresidential customers having a demand of at least 2000 kW, and a new time of use schedule OPT-H is available to high load factor data center customers and to new load associated with other high load factor general service customers with a demand of at least 1000 kW. Public Lighting Schedule PL is closed to new installations. New installations for governmental lighting will be served on Schedule GL. A new lighting schedule NL is available as a pilot for new lighting technologies. Schedule SL is cancelled.

Closed Schedule MP, along with closed Schedules SG and LG, available in the former Nantahala area, will be cancelled. Schedule MP customers will be moved to Schedule OPT-G. Schedule LG customers will be moved to the applicable Duke Energy Carolinas rate schedules within 60 days after

January 1, 2010. Schedule SG customers will be migrated to the applicable Duke Energy Carolinas rate schedule, in phases, by January 2012.

The Commission entered Notice of Decision on December 14, 2009, after hearing, approving a Settlement Agreement subject to certain modifications in Docket No. E-7, Sub 831, regarding the Company's save-a-watt proposal for energy efficiency programs. Based on the Commission's previous order dated February 26, 2009 in this proceeding, effective June 1, 2009, the Company began billing its Rider EE, Energy Efficiency, subject to refund. As a result of the Commission's December 14, 2009 Notice, Rider EE has been revised and new Rider EE amounts are effective for service on and after January 1, 2010. No refunding is required. The revised Rider EE provides for an increment of 0.1206 cents per kWh for Residential customers and 0.0428 cents per kWh for nonresidential customers who have not opted out of energy efficiency programs as provided for in the Commission's Rule R8-69.

The North Carolina Utilities Commission entered an order in Docket No. E-7, Sub 872 on December 15, 2009, approving the Company's Renewable Energy Portfolio Standard (REPS) Rider. This Rider is designed to collect the incremental costs incurred to comply with the requirements of the REPS Standard, G. S. 62-133.8 (b), (d), (e) and (f) and to true-up any under-recovery or over-recovery of compliance costs. The statute provides a per account cap, by customer class, on the amount collected from customers on an annual basis. As approved, the REPS Rider is not applicable to agreements under the Company's outdoor lighting rate schedules, nor for sub metered service agreements. Additionally, the REPS Rider is not applicable to small auxiliary separately metered services provided to a customer on the same property as a residential or other service. An auxiliary service is defined as a non-demand metered, nonresidential service, provided on Schedule SGS or SG, at the same premises, with the same service address, and with the same account name as an agreement for which a monthly REPS charge has been applied. To qualify for an auxiliary service, not subject to this Rider, the Customer must notify the Company and the Company must verify that such agreement is considered an auxiliary service, after which the REPS Billing Factor will not be applied to qualifying auxiliary service agreements. The Customer shall also be responsible for notifying the Company of any change in service that would no longer qualify the service as auxiliary. The monthly REPS Billing Factors, per agreement, by customer class are as follows: Residential, \$.16 per month; General Service, \$.86 per month; Industrial Service, \$8.56 per month.

For the typical residential customer using 1000 kWh per month, the impact of the orders in Docket No. E-7, Sub 909 and E-7, Sub 831 is an increase of \$4.47 per month, plus \$.16 per month for the REPS Rider in Docket No. E-7, Sub 872.

ISSUED BY ORDER OF THE COMMISSION

This the 23rd day of December, 2009
NORTH CAROLINA UTILITIES COMMISSION
Patricia Swenson
Deputy Clerk

