

on June 1 is donated to the Company. For customers under Rider NM, all Renewable Energy Certificates (“RECs”) are retained by Duke Energy unless the customer is served on time of use rate Schedule RT, in which case the RECs are retained by the customer. Customers on Rider NM are not eligible to receive payments from NC GreenPower.

Schedules PP-N and PP-H, Purchased Power rates are available to customer generators who wish sell the entire output of their generator to the Company, but take all of their electrical requirements under a standard residential rate.

LIGHTING

The company offers all-night outdoor lighting service for a monthly fee that covers installation and maintenance under the following schedule.

Schedule OL is available to residential and nonresidential customers for lighting of private outdoor areas.

Effective October 1, 2007, mercury vapor luminaires are not available for new installations.

The Company will continue to maintain existing mercury vapor luminaires as long as lamps and/or alternative ballasts are available. If the luminaire cannot be repaired, the customer will be provided another available luminaire of a comparable size, at the price for the new luminaire.

BILLING INFORMATION

Bills are due and payable when rendered and amounts not paid by the 25th day after the date of the bill shall be subject to a 1 percent late payment charge. Payments made by check, automatic draft, debit or credit card returned by the financial institution for good and sufficient reasons will be charged a \$20.00 fee.

In addition to obtaining customer information directly from its customers, Duke Energy, like many businesses, may receive and verify information from a consumer credit reporting agency.

RECONNECT FEE

If an account is disconnected for nonpayment, or for violation of regulations, the customer will be charged a reconnect fee as follows:

Regular Hours Fee

If reconnection is requested during normal business hours (8 a.m. - 5 p.m.) Monday through Friday, a \$25.00 fee plus sales tax must be paid before service can be restored.

After Hours

If reconnection is requested after normal business hours Monday through Friday, a \$75.00 fee plus sales tax must be paid before service can be restored.



IMPORTANT CUSTOMER INFORMATION – RESIDENTIAL

DUKE ENERGY NORTH CAROLINA

A brief description of Duke Energy's rate schedules is listed below to make you aware of the schedules available for various categories of use. The rate schedule is shown on your billing statement for each type of service you are receiving for that account.

Duke Energy's customer service representatives are available 24 hours a day to all residential, industrial and general service customers to assist in determining the most appropriate rate schedule.

If you have made changes, or plan to make changes in your heating system, or have other significant load changes, please contact us. We want to ensure you are served on the most favorable rate and to ensure we have the proper facilities installed to meet your service needs. Since the customer is responsible for his or her own equipment and usage, it is the customer's responsibility to notify Duke Energy of such changes that might result in a different rate being applied. Additionally, you should notify us of significant decreases or increases in your bill if there has been no change in your usage habits. We want to ensure that you are being billed correctly for the actual kilowatt hours you use.

In addition, we are happy to assist with questions regarding your service, rate schedule or billing statement.

If you would like a copy of a complete rate schedule or have questions about the application of rates, please contact Duke Energy at 1-800-777-9898 or visit www.duke-energy.com.

RESIDENTIAL RATE SCHEDULES AND RIDERS

Residential rates are available for individually metered residences, condominiums, mobile homes and apartments which provide independent and permanent facilities complete for living, sleeping, eating, cooking and sanitation. Separately metered usage for other structures and/or equipment on a residential property will be served under the general service schedule.

Schedule RS is available to any residence.

Schedule RE is available to structures where all energy required for water heating, cooking, clothes drying and environmental space conditioning is supplied electrically and where all energy used in the dwelling is recorded through a single meter. Residences must meet the minimum heat loss limitation specified in the schedule.

Schedule ES is available to structures which meet the Energy Star standards established by the U.S. Department of Energy and Environmental Protection Agency. The customer must have the home independently certified and must provide the company a copy of the Energy Star certificate before service can be supplied under this schedule.

A lower rate is available for Energy Star certified residences where all energy required for water heating, cooking, clothes drying and environmental space conditioning is supplied electrically and where all energy used in the dwelling is recorded through a single meter.

Schedule RT is an optional time-of-use rate which includes charges that vary according to the time of day, day of the week and season that energy is used. Prices are lower for usage at night, on weekends and other "off-peak" times. This schedule is generally not advantageous to customers using less than 1000 kWh per month.

Schedule WC offers a lower rate for residential electric water heating when Duke Energy controls the operation of the water heater, allowing it to operate during "off-peak" times. Under this schedule, electric service to the water heater will be available at least 6 hours out of 24 hours. An installation fee may be required for the necessary control wiring.

Rider LC, Residential Load Control, is closed but remains available for existing customers on Rider LC who are served on Schedules RS, RE, and ES. This rider allows credits during the billing months of July - October for customers who allow the company to interrupt service to their central air conditioner when the company faces challenges in meeting electric demands.

SSI Rate If you are served on Schedule RS or RE and you receive Supplemental Security Income (SSI) under the program administered by the Social Security Administration, you may qualify for a lower electric rate. To qualify you must

meet ALL of the following requirements:

- You must be 65 years of age or over, blind or disabled.
- You must be a customer of Duke Energy with electric service in your name.
- You must be the head of household or principal wage earner or both.

The state agency which maintains SSI records mails notices to customers who may be eligible for this rate which provides a maximum benefit of \$2.05 per month.

VOLUNTARY PROGRAMS SUPPORTING THE ENVIRONMENT AND RENEWABLE ENERGY

NC GreenPower, a subsidiary of Advanced Energy Corporation administers the following programs which allow customers to make voluntary, tax deductible contributions via the monthly electric bill.

NC GreenPower is a program that allows customers to contribute toward the purchase of energy from renewable resources, by purchasing 100 kWh blocks of energy.

NC Renewable Energy provides for a minimum purchase of one hundred, 100 kWh blocks of energy from a wide variety of energy resources.

Carolinas Carbon Offset Program allows customers to contribute toward the purchase of carbon offsets. Each block purchased represents 500 pounds of carbon offsets.

Options for Customer Generators

Residential customers who have photovoltaic, wind, or other types of generators who wish to interconnect and operate in parallel with Duke Energy's system must meet certain requirements. The customer must make an application to interconnect, the system must meet the approved Interconnection Standard and be inspected, and the customer must provide liability insurance. Customers with approved systems may select one of the rate options shown below:

Rider SCG, Small Customer Generator is available to customers where the customer offsets a portion of the customer's electrical requirements provided by the Company. The system must not exceed the customer's load or 20 kW, whichever is less. Credits for excess energy are paid at the variable rates under the Company's purchased power schedule. Customers on Rider SCG are eligible to participate in NC GreenPower programs that provide payment to the customer for excess energy delivered to the grid. Renewable Energy Certificates ("RECs") are retained by the customer.

Rider NM, Net Metering is available to residential customers where the customer offsets a portion of the customer's electrical requirements provided by the Company. The system must not exceed the customer's load or 20 kW, whichever is less. Credits for excess energy may apply to succeeding month's energy charges, but any credit balance