

The hearings on August 14 and 15, 2007, and September 4, 19, and 20, 2007, will be for the purpose of receiving the testimony of public witnesses only. The hearings will resume in Raleigh on October 16, 2007, at 9:00 a.m. and continue as required for further testimony of public witnesses and testimony and cross-examination of witnesses for Duke Energy Carolinas, the Public Staff, and other intervenors.

The Commission has ordered Duke Energy Carolinas to inform its customers of the following procedures by which comments related to this matter can be made a part of the record upon which the Commission must base its decisions. Persons desiring to present testimony for the record should appear at one of the public hearings. Persons desiring to send written statements of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325 and reference Docket No. E-7, Sub 828.

Persons having an interest in the matter and desiring to intervene as formal parties of record may file petitions to intervene not later than September 24, 2007, and in accordance with Rules R1-5, R1-6, R1-7, and R1-19 of the Commission's Rules and Regulations.

The Public Staff of the Utilities Commission is required by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Public Staff should include any information the writer wishes to be considered by the Public Staff in its investigation of the matter and should be addressed to Robert P. Gruber, Executive Director, Public Staff – NCUC, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326.

The Attorney General is also authorized by statute to represent the using and consuming public in proceedings before the Utilities Commission. Statements to the Attorney General should be addressed to The Honorable Roy Cooper, Attorney General of North Carolina, c/o Utilities Division, P.O. Box 629, Raleigh, North Carolina 27602.

ISSUED BY ORDER OF THE COMMISSION.

This the 21st day of June, 2007.

NORTH CAROLINA UTILITIES COMMISSION

Gail L. Mount, Deputy Clerk

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH
DOCKET NO. E-7, SUB 828
DOCKET NO. E-7, SUB 829
DOCKET NO. E-100, SUB 112

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 828)
In the Matter of Duke Energy)
Carolinas, LLC – Investigation of)
Existing Rates and Charges Pursuant)
to Regulatory Condition No. 76 as)
Contained in the Regulatory Conditions)
Approved by Order Issued March 24,)
2006, in Docket No. E-7, Sub 795)

DOCKET NO. E-7, SUB 829)
In the Matter of Duke Energy)
Carolinas, LLC – Investigation of)
Environmental Compliance Costs)
Pursuant to PUBLIC G.S. 62-133.6(d))
and (f))

and)

DOCKET NO. E-100, SUB 112)
In the Matter of Financial Accounting)
Standards Board's Statement of)
Financial Accounting Standards No.)
158 Entitled "Employers' Accounting)
for Defined Benefit Pension and Other)
Postretirement Plans")

NOTICE OF
PUBLIC
HEARINGS

NOTICE IS HEREBY GIVEN of three matters concerning Duke Energy Carolinas, LLC (Duke Energy Carolinas or the Company) and hearings that have been scheduled for the purpose of receiving testimony from public witnesses and testimony and cross-examination of witnesses for the parties.

DOCKET NO. E-7, SUB 828

On June 1, 2007, Duke Energy Carolinas filed an application with the North Carolina Utilities Commission (Commission), seeking authority to increase its rates and charges for electric utility service in North Carolina effective January 1, 2008. The proposed rates set forth in the application are designed to produce additional annual revenues of approximately \$140,000,000 or 3.6% based on a test period ended December 31, 2006.

Duke Energy Carolinas states that the proposal would increase rates 6.82% for the residential class, 1.98% for the general services class, 0.40% for the industrial class, and 3.01% for the outdoor lighting class. The rate increase within classes would vary by rate schedule. The basic facilities charge for most residential customers would increase from \$7.87 to \$10.87 per month. The total increase to a typical residential customer who uses 1,000 kilowatt hours in a month would be about \$7.20 per month.

Rate schedules for residential Nantahala area customers would become the same as those of Duke Energy Carolinas' other residential customers immediately. Non-residential Nantahala area customers would be transitioned to the Company's non-residential rate schedules over a period of time.

In support of the requested increase, Duke Energy Carolinas states that its last base rate increase was sixteen years ago in 1991, and that since then, it has invested over \$9 billion in property, plant and equipment to serve its customers. The Company states that its actual overall rate of return on its North Carolina retail rate base for 2006, as adjusted for known changes, was 8.31%. Duke Energy Carolinas' present authorized rate of return is 10.44%. The Company states that it needs to expand and modernize its existing generation fleet and transmission and distribution grid to serve the growing population in its service territory. Accordingly, the Company states that a rate increase is necessary to allow it to recover its costs and have an opportunity to earn a fair rate of return so that it maintains a strong financial position as it enters a period of significant capital expenditures.

The application was filed pursuant to Regulatory Condition No. 76 of the Order Approving Merger Subject to Conditions and Code of Conduct issued by the Commission on March 24, 2006, in Docket No. E-7, Sub 795. Regulatory Condition No. 76 provided that, as a condition to approval of the merger between Duke Energy Corporation and Cinergy Corp., the Commission would initiate an investigation in 2007 to determine whether Duke Energy Carolinas' existing rates and charges are unjust and reasonable. By Order issued March 9, 2007, the Commission initiated the investigation and ordered Duke Energy Carolinas to either (1) file a general rate case (including prefiled testimony and exhibits) pursuant to G.S. 62-137 or (2) show cause, in the form of prefiled testimony and exhibits, why its existing rates and charges should not be found unjust and unreasonable and reduced for service rendered thereafter.

A copy of the application, prefiled testimony, and exhibits is available for review by any interested party at the Office of the Chief Clerk of the Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina. These materials may also be viewed on the Commission's web site at www.ncuc.commerce.state.nc.us by clicking on "Docket Search" and typing in the docket and sub docket numbers. Upon request, the Commission will place copies of the application, prefiled testimony, and exhibits in centrally located public libraries. The name and location of the library must be identified in the request.

The Commission has instituted an investigation concerning Duke Energy Carolinas' environmental compliance costs under the Clean Smokestacks Act. The Commission is required by G.S. 62-133.6(d) to hold a hearing to review the environmental compliance costs set out in G.S. 62-133.6(b) and determine the annual costs amounts recoverable in 2008 and 2009.

DOCKET NO. E-100, SUB 112

Duke Energy Carolinas has filed a petition with the Commission in Docket No. E-100, Sub 112, asserting that neither Commission Rule R8-27 nor G.S. 62-133.6(e) requires Commission approval of the proposed accounting treatment of the impacts of Statement of Financial Accounting Standards (SFAS) No. 158 concerning the recognition of overfunded or underfunded defined benefit pension or other postretirement plans because the rule and statutory provisions do not apply to the unique circumstances presented by the implementation of SFAS No. 158 by Duke Energy Carolinas' parent company, Duke Energy Corporation.

PUBLIC HEARINGS, COMMENTS AND REPRESENTATION

The Commission has scheduled consolidated hearings on these matters as follows:

Winston-Salem: Tuesday, August 14, 2007, at 7:00 p.m. in the Forsyth Technical Community College, Mazie S. Woodruff Center, 4905 Lansing Drive

Charlotte: Wednesday, August 15, 2007, at 7:00 p.m. in the Charlotte-Mecklenburg Government Center, Meeting Chamber (CH-01), 600 East Fourth Street

Durham: Tuesday, September 4, 2007, at 7:00 p.m. in the Durham County Government Administrative Complex, County Commissioner's Chambers, 200 East Main Street

Marion: Wednesday, September 19, 2007, at 7:00 p.m. in the McDowell County Courthouse, Downstairs Courtroom, Corner of Main and Court Streets

Franklin: Thursday, September 20, 2007, at 7:00 p.m. in the Macon County Courthouse, Courtroom A, 5 West Main Street

Raleigh: Tuesday, October 16, 2007, at 9:00 a.m. in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina