



To Duke Energy Customers in South Carolina

Pursuant to the provisions of South Carolina Code of Laws, Section 58-27-865, the Public Service Commission, after public notice, held a hearing on August 23, 2007 to review the fuel costs and fuel procurement practices of Duke Energy.

The Commission, in Docket No. 2007-3-E, Order No. 2007-674, approved a new fuel expense component of the rates for the period October 2007 through September 2008. Approved factors were established in accordance with the Base Load Review Act which became law on May 3, 2007.

The law provides that all variable environmental costs defined as (a) the cost of ammonia, lime, limestone, urea, dibasic acid, and catalysts consumed in reducing or treating emissions, and (b) the cost of emission allowances, as used, including allowance for SO₂, NO_x, mercury, and particulates be included in fuel costs, and shall be recovered from each class of customers as a separate environmental component of the overall fuel factor.

The specific environmental component for each class of customers is determined by allocating variable environmental costs among customer classes based on Duke Energy's South Carolina firm peak demand data from the prior year. The approved fuel components for the various rate classes are displayed on the reverse side of this flyer.

Fuel Factor Impact to SC Customers

	Residential	General/ Lighting	Industrial
SC Customer KWH Usage	1,000	1,000	1,000
Combined Proposed Fuel Factor	0.018215	0.018057	0.017829
Current Fuel Factor	0.017760	0.017760	0.017760
Increase due to change in Fuel Factor (\$/kwh)	0.000455	0.000297	0.000069
Total increase before Gross Receipts Tax	\$ 0.45	\$ 0.30	\$ 0.07
Gross Receipts Tax	1.0044	1.0044	1.0044
Increase to customer's bill per 1,000 KWH	\$ 0.46	\$ 0.30	\$ 0.07

For a typical residential customer using 1000 kwh per month, the bill will increase \$.46.

Revisions to lighting rate schedules OL, FL and PL are also effective October 1, 2007, pursuant to the Commissions' Order No.2007-620 in Docket No. 2005-124-E. The Commission approved Duke Energy's request to close the availability of mercury vapor lighting for new installations because mercury vapor ballasts cannot be manufactured after the end of 2007. Duke Energy will continue to maintain existing mercury vapor lamps as long as equipment is available to make repairs. If unable to repair, the Company will offer the customer another type of light at its approved cost.