

NOTICE TO CUSTOMERS

The Public Service Commission of South Carolina (the “Commission”) has approved an increase in the South Carolina retail rate schedules of Duke Energy Carolinas, LLC (the “Company”) effective for service rendered on and after February 1, 2010 in Docket No. 2009-266-E. After investigation, public hearings and an evidentiary hearing, the Commission approved an annual revenue increase of \$74,125,000 for the Company in Order No. 2010-79 (the “Order”) on January 27, 2010. The Order also approves the save-a-watt cost recovery methodology for the Company’s energy efficiency programs, which were previously approved by the Commission in Docket No. 2009-166-E. The Order further permits certain costs or credits to be recovered or credited on a cents per kilowatt hour basis via an increment or decrement rider applied to the customer’s bill and calculated on the appropriate rate schedule.

The Order also approves changes to rate designs and the closing of rate schedules as follows: Multiple rate categories on some of the residential rate schedules will be combined. General Service Schedules G and GA are cancelled and customers will be moved to new Schedule SGS or LGS based on size. Schedule GB, and W are cancelled and customers on these schedules will be moved to Schedule I or one of the Company’s new general service schedules, as appropriate. Schedule IT is cancelled and customers will be moved to Schedule OPT. There are no customers served on Schedules EV-X, 9, DIV and GT, all of which will be cancelled. Schedule MP will be closed to new customers. Schedule PL, Street and Public Lighting will be closed to new installations after February 1, 2010 but remaining in effect for existing agreements. Street and other lighting for governmental entities will now be provided under Schedule GL. There will be a new lighting Schedule NL, for nonstandard lighting including new lighting technologies.

Customers served under an electric service agreement where (1) the establishment is classified as a “manufacturing industry” by the Standard Industrial Classification Manual published by the United States Government, and (2) more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes may be eligible to opt out of the Company’s energy efficiency and/or demand-side management programs. If a customer chooses to opt out, the Rider EE (SC) charge(s) will not be applied to the monthly bill. Eligible customers may opt out of either energy efficiency or demand-side management programs (or both) under the following conditions:

- An eligible industrial customers must certify or attest to the Company that it has performed or had performed for it, an energy audit or analysis within the three year period preceding the opt out request, and has implemented or has plans for implementing the cost-effective energy efficiency measures recommended in that audit or analysis.
- For energy efficiency programs, the initial opt-out period will be January 27 through March 28, 2010. Thereafter, customers may opt out of energy efficiency programs, or opt back into energy efficiency programs during an annual enrollment period to commence January 1 of each year and conclude on March 1 of that same year.
- For demand-side management programs, eligible customers may make a one-time election to opt-out during the Company’s four year energy efficiency plan between January 27 through March 28, 2010.

The distribution of revenue among the classes, rate design changes and consolidation and cancellation of rate schedules, along with the impact of the various riders will cause some customers to receive an increase higher or lower than the average increase depending on the individual customer and usage characteristics.