

LAW OFFICE OF
ROBERT W. KAYLOR, P.A.
225 HILLSBOROUGH STREET, SUITE 160
RALEIGH, NORTH CAROLINA 27603
(919) 828-5250
FACSIMILE (919) 828-5240

December 28, 2007

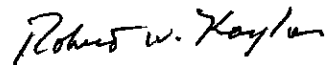
Ms. Renne C. Vance, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

RE: Docket No. E-7, Sub 790

Dear Ms. Vance:

Enclosed for filing are the original and thirty (30) copies of Duke Energy Carolinas, LLC's Advanced Clean Coal Cliffside Unit 6 Cost Estimate for the month of December, 2007 in the above docket.

Sincerely,



Robert W. Kaylor

Enclosures

cc: Parties of Record

Duke Energy Carolinas' Advanced Clean Coal Cliffside Unit 6 Cost Estimate Report
December 31, 2007 Docket No. E-7, Sub 790

During the month of December 2007, the Duke Energy project team and our selected engineering and construction contractor, Shaw Stone and Webster, continued to perform necessary engineering, procurement, construction planning and project management activities to optimize and further validate the project schedule and cost estimate. We continued the process of supplier/subcontractor evaluations and selection. To date, we have made commitments for the primary engineering and construction contractor, major owner-furnished equipment (boiler, turbine generator, and air quality control system), feedwater pumps, feedwater pump turbines, feedwater heaters, hotwell pumps, condenser, high energy piping, large circulating water piping, circulating water pumps, chimney, entrance road bridge, cooling tower, structural steel supply and concrete supply and pumping. Evaluations of proposals for the ash handling equipment, main step-up transformers, distributed control system, and other engineered equipment are being performed. Some equipment delivery dates are later than originally anticipated and we continue to work with the Shaw project team and the equipment and material suppliers to find ways to minimize schedule extensions.

We will continue in January to work with the Shaw project team to perform detailed engineering, update supplier pricing and delivery schedules for the remaining engineered equipment and material, and refine the project schedule. Currently, cost and quantity estimates are tracking close to earlier projections. Also, we will continue to work with other suppliers and contractors to update their scope, schedule, terms and pricing and will issue timely purchase orders or contracts to support the project schedule.

Site excavation for the Unit 5 AQCS is ongoing. Construction of new Unit 6 cannot commence until receipt of a final air permit from the North Carolina Department of Environment and Natural Resources ("NC DENR"). NC DENR issued a draft air permit for Unit 6 on August 14, 2007, and the public comment period expired on October 31, 2007. Duke Energy remains optimistic that a final air permit will be issued in the near future.

Once the final air permit is issued, Duke Energy will issue a full notice to proceed to Shaw. Prior to issuing full notice to proceed, we will complete a full review of the project schedule and cost estimate based on all the information available. This cost and schedule data will be used to update AFUDC projections; and we will report updated cost estimate, schedule, and AFUDC information to the Commission. This information should be available within 30 days after issue of the final air permit. Based on current information, we remain reasonably confident that the project can be completed within the current capital cost estimate of \$1.8 billion. The pro rata portion of the federal advanced clean coal tax credits will reduce the overall project cost to customers by approximately \$65 million.

There have been no material changes to the summary of the estimated implementation cash flow and cancellation cash flow provided in Confidential Appendix 1 to the October 31, 2007 cost update report.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Advanced Clean Coal Cliffside Unit 6 Cost Estimate Report in Docket No. E-7, Sub 790 for the month of December, 2007, has been served by electronic mail (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 28th day of December, 2007.

Law Office of Robert W. Kaylor, P.A.

BY: Robert W. Kaylor

Robert W. Kaylor
Law Office of Robert W. Kaylor
225 Hillsborough Street, Suite 160
Raleigh NC 27603
(919) 828-5250
NC State Bar No. 6237