Duke Energy Carolinas Requests Approval from the North Carolina Utilities Commission to Increase Electric Rates July 11, 2011

CHARLOTTE, N.C. -

- Request would increase electric rates by approximately 15 percent on average, driven primarily by capital investments made by the company
- Company maintains keen focus on managing overall costs to customers
- Customers can help reduce their energy costs through energy efficiency programs

Duke Energy Carolinas today filed a request with the North Carolina Utilities Commission (NCUC) to increase electric rates by approximately $646 million.

Approximately three-fourths of the request is driven by capital investments the company made in the Carolinas' electric system over the past two years.

"Since 2009, we've spent $4.8 billion to modernize the system and comply with environmental regulations," said Brett Carter, president, Duke Energy North Carolina.

"Also, we continue to aggressively manage the day-to-day costs of running the business," he said. "For example, last year our power plants set records for operational excellence and we did it while holding operating and maintenance expenses essentially flat."

The following chart illustrates the proposed rate increases by customer type:

Customer Class	Average rate increase percentage
Residential	17 percent
Commercial	14 percent
Industrial	14 percent
Lighting	8 percent

****This table shows the average impact of the proposed changes for each customer class. The specific increase or decrease to individual customers will vary depending on the rate they pay and other factors.**

This fall, when rates are adjusted to reflect fuel costs, a typical residential customer who uses 1,000 kilowatt-hours per month of electricity would pay approximately $97.05. If the company's rate increase is approved, that bill will increase by approximately $19.

If approved, new rates would likely go into effect February 2012.

Why raise rates?
The majority of the proposed rate increase would begin paying the company back for the money it has already spent to retire and replace aging power plants and equipment and to comply with expanding state and federal environmental regulations.

Examples of electric system investments include:

- The new sulfur dioxide scrubber on an existing unit at the Cliffside power plant, which is equipment required to meet federal emission standards
- The new natural gas-fired power plant at the Buck facility in Rowan County, N.C.
- The new hydroelectric powerhouse at the Bridgewater facility in Burke County, N.C.
- Significant investment in new transmission and distribution infrastructure
- Technology improvements at nuclear power plants
- Financing costs associated with the new state-of-the-art unit at Cliffside power plant

“The electric system that serves our customers is aging. That, combined with increasingly stringent state and federal environmental regulations, is driving the company’s plan to retire 18 units at five coal-fired power plants and 20 units at four natural gas-fired power plants by 2015,” Carter added. “The investments we’ve made over the past few years ensure that the power our customers count on will be there when they need it.”

The proposed increase is also driven by lower than expected electric sales due to the recession, changes in financing and other general costs.

For more details around the company’s request to increase rates, visit www.duke-energy.com/ncratechange.

The company’s request proposes an allowed return on common equity (ROE) of 11.5 percent (current allowed ROE in North Carolina is 10.7 percent) with a 53 percent common equity component.

The company’s request equates to an increase in pre-tax revenue requirement of approximately $646 million. The North Carolina allocation of rate base is expected to be approximately $11.2 billion through October 2011.

Money-Saving Opportunities for Customers
Duke Energy wants to help customers make the best use of every dollar spent on their energy-related costs. As part of this effort, customers can visit www.duke-energy.com/youtility, for energy-saving tips and more.

Editor’s Note
The testimony filed in support of the company’s request can be viewed at the NCUC website (search using E-7 Sub 989).

Downloadable graphics, photos and information are available at www.duke-energy.com/ncratechange.

Photos of some of the capital investments made into the Carolinas’ electric system can be downloaded from Flickr.

Duke Energy Carolinas
Duke Energy Carolinas owns nuclear, coal-fired, natural gas and hydroelectric generation. That diverse fuel mix provides approximately 19,000 megawatts of electricity capacity to approximately 2.4 million customers in a 22,000-square-mile service area of North Carolina and South Carolina. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: www.duke-energy.com.

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http://www.duke-energy.com/news/releases/2011070101.asp