

**DOCKET NO. E-7, SUB 795  
EXECUTIVE SUMMARY OF DECISION**

On July 15, 2005, Duke Energy Corporation (Duke Energy) filed an Application seeking authority pursuant to G.S. 62-111 to enter into a business combination (hereinafter referred to as "the Merger") with Cinergy Corp. (Cinergy) and approval pursuant to G.S. 62-153 of certain affiliate agreements.

By Order dated March 24, 2006, the North Carolina Utilities Commission found good cause to approve Duke Energy's Application to enter into a business combination with Cinergy. The decision was premised upon findings that, as conditioned, the Merger will have no adverse impact on the rates and service of Duke Power's North Carolina retail ratepayers; that Duke Power's retail ratepayers are protected as much as possible from potential costs and risks resulting from the Merger; that there are sufficient benefits from the Merger to offset the potential costs and risks; and that the proposed business combination between Duke Energy and Cinergy is justified by the public convenience and necessity. In so ruling, the Commission adopted a comprehensive set of Regulatory Conditions (numbering 74) and a comprehensive Code of Conduct for Duke Power designed to ensure these findings.

The conditions ordered by the Commission, in addition to various accounting, financial, and jurisdictional protections, include:

(1) Duke Power will be required to implement a one-year across-the-board decrement to rates for the benefit of its North Carolina retail customers in the amount of \$117,517,000.

(2) Any fuel-related savings associated with the Merger will be flowed through to Duke Power's North Carolina retail customers pursuant to G.S. 62-133.2.

(3) Duke Power will be required to contribute \$12,000,000 to various low income, environmental, economic development, and educationally-beneficial programs, with such funds to be distributed as follows: \$6,000,000 to Duke Power's Share the Warmth, Cooling Assistance, and Fan-Heat Relief programs; \$2,000,000 for conservation and energy efficiency programs (to be submitted to the Commission for approval); \$2,000,000 to the Community College Grant Fund; and \$2,000,000 to NC GreenPower. These contributions shall be made by Duke Power on or before June 30, 2006. Such contributions shall not be charged to Duke Power's regulated utility operations, but shall be borne by the Company's shareholders.

(4) The Commission will, in 2007, initiate an investigation pursuant to G.S. 62-130(d), 62-133, and 62-136(a) to determine whether Duke Power's existing rates and charges are unjust and unreasonable and, as part of this investigation, will require Duke Power to either (a) file a general rate case (including prefiled testimony and exhibits) in North Carolina pursuant to G.S. 62-137 or (b) show cause in the form of prefiled testimony and exhibits why the Company's existing rates and charges should not

be found unjust and unreasonable. In so ruling, the Commission noted that it has made no determination that the rates currently being charged by Duke Power are in fact unjust and unreasonable.

The Commission approved the Merger provided that Duke Energy files a statement not later than March 31, 2006, notifying the Commission that the Company accepts and agrees to all of the terms, conditions, and provisions of the Commission's Order and the Commission-approved Regulatory Conditions and Code of Conduct.