

LAW OFFICE OF
ROBERT W. KAYLOR, P.A.
3700 GLENWOOD AVENUE, SUITE 330
RALEIGH, NORTH CAROLINA 27612
(919) 828-5250
FACSIMILE (919) 828-5240

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Clerk's Office
N.C. Utilities Commission

February 7, 2012

Gail L. Mount
Deputy Clerk
Office of the Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

RE: Docket No. E-7, Sub 856

Dear Mrs. Mount:

Enclosed for filing are the original and thirty (30) copies of Duke Energy Carolinas, LLC's 2011 Annual Cost Update in the above referenced docket.

Sincerely,

Robert W. Kaylor

Robert W. Kaylor

Encls.

cc: Parties of Record

(10)
AG
Gmber
2 Ecan
3 Legal
3 Atty
3 Elec.
7 comm
Watson
Green
Duffley
Rite
Hoover
Hilburn
Sessions
Jones

FEB 07 2012

Clerk's Office
N.C. Utilities Commission

DOCKET NO. E-7, SUB 856
DUKE ENERGY CAROLINAS, LLC'S 2011 ANNUAL COST UPDATE

As of January 31, 2012, Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or "the Company") has completed phases I and III of the NC Solar PV DG program ("the Program"), approved in the North Carolina Utilities Commission's *Order Granting Certificate of Public Convenience and Necessity With Conditions* in the above-referenced docket, securing 16 commercial, 7 residential and 2 Company sites with an aggregate capacity of 10 megawatts (MW) DC. Phase I focused on identifying, constructing and installing several larger systems (500-1,500 kW). Phase II involved the acquisition and installation of small to mid-range systems (50-500 kW), one larger system (2,174 kW) and several small installations of various solar technologies at Marshall Steam Station (1,025 kW). Phase II is in the final phases of construction. Phase III included the installation of seven (7) residential systems (~ 2.3 kW each, 16 kW total).

On April 16, 2011, a fire occurred within the solar equipment at the National Gypsum rooftop site. All affected Company solar facilities with similar system protection designs (16 in total) were removed from service until enhanced system protection, improved cable management processes, continuous monitoring were implemented and warranty work as a result of third party inspections completed. As of January 31, 2012, 12 of the 16 sites (6.2 MW) have returned to service. Other sites are expected to return in February with the exception of National Gypsum and Highwoods. National Gypsum and Highwoods will return to service in the 2nd quarter of 2012. Extensive warranty work was identified through the third party inspections at Highwoods.

The Company chose to incorporate approximately 58 kW of Concentrated Photovoltaic Solar ("CPV") capacity from multiple suppliers at the Marshall site. This enables the Company to further broaden its experience with various solar technologies within the Program. The CPV capacity is expected to be operational by the 2nd quarter of 2012.

Costs for the remaining enhanced system protection work and CPV capacity at the Marshall site will be included in future filings. An overview of the site installations and the costs incurred are provided on the following pages. As the Company has completed almost all of the installations, such installations have been placed into service and commercial negotiations relating to procurement and construction of the various sites are not ongoing, the cost information relating to the components and installation will now be disclosed publicly.

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PROGRAM SITES OVERVIEW

	Site	In Service Date	kW Size (DC)	Estimated Annual MWH (AC)
Phase I	National Gypsum	29-JAN-10	1,208	1,590
	Childress Klein	31-JAN-10	532	700
	Highwoods	01-APR-10	1,495	1,968
	Food Lion	10-MAY-10	1,090	1,435
	McAlpine	15-MAY-10	50	72
Phase II	Carrier Centers	03-NOV-10	528	695
	Lincoln Charter School	13-AUG-10	161	212
	Gaston County Schools	07-MAY-10	71	93
	City of Charlotte	19-AUG-10	113	148
	EPA	13-APR-10	109	144
	Freightliner	29-DEC-10	358	515
	Siemens	15-NOV-10	52	74
	Childress Klein	15-OCT-10	2,174	2,861
	Liberty Hardware	01-SEP-10	309	407
	Maple View Agricultural	01-SEP-10	180	259
	Kimberly Clark	27-OCT-10	84	120
	Thomas Built Buses	29-NOV-10	388	558
	Marshall	29-DEC-10	915	
		27-JAN-11	110	1,613
Phase III	Residential	31-DEC-10	16	21
CPV	Marshall	Q1 2012	58	
			10,000	13,485

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PROGRAM COSTS OVERVIEW

2009				2010			2011			
	Panels & Equipment	Installation Costs	Total	Panels & Equipment	Installation Costs	Total	Panels & Equipment	Installation Costs	Total	Site Totals
Highwoods	\$ 2,618,250	\$ 498,171	\$ 3,116,421	\$ -	\$ 2,986,114	\$ 2,986,114	\$ (273,125)	\$ -	\$ (273,125)	\$ 5,827,410
Food Lion	\$ 1,609,195	\$ 87,342	\$ 1,696,537	\$ 289,800	\$ 2,598,299	\$ 2,888,099	\$ (380,190)	\$ -	\$ (380,190)	\$ 4,204,446
Childrens Kiosk	\$ 1,011,655	\$ 845,600	\$ 1,857,255	\$ -	\$ 111,354	\$ 111,354	\$ -	\$ -	\$ -	\$ 1,968,609
Nation Gypsum	\$ 2,113,930	\$ 2,603,053	\$ 4,716,984	\$ -	\$ 71,842	\$ 71,842	\$ -	\$ -	\$ -	\$ 4,788,826
McAlpine	\$ 340,053	\$ 102,621	\$ 442,674	\$ -	\$ 40,209	\$ 40,209	\$ -	\$ -	\$ -	\$ 482,883
2009 Total Costs	\$ 7,691,083	\$ 4,136,787	\$ 11,827,871							
2009 Leases	\$ 6,972			EPA	\$ -	\$ 211,335	\$ 211,335	\$ 273,125	\$ -	\$ 484,460
2009 O&M	\$ 32,062			Gaston C. Sch.	\$ 123,970	\$ 304,066	\$ 428,036	\$ -	\$ -	\$ 428,036
Total	\$ 39,034			Lincoln CS	\$ 281,750	\$ 308,796	\$ 590,546	\$ -	\$ -	\$ 590,546
				Carrier Center	\$ 903,017	\$ 891,337	\$ 1,794,354	\$ -	\$ -	\$ 1,794,354
				City of CLT	\$ 197,225	\$ 216,384	\$ 413,609	\$ -	\$ -	\$ 413,609
				Siemens	\$ 93,605	\$ 117,663	\$ 211,268	\$ (6,872)	\$ (1,031)	\$ 203,365
				Liberty HW	\$ 414,575	\$ 566,612	\$ 981,187	\$ 64,630	\$ -	\$ 1,045,817
				CK D	\$ 3,880,100	\$ 1,294,813	\$ 7,174,913	\$ -	\$ -	\$ 7,174,913
				Maple View	\$ -	\$ 359,554	\$ 359,554	\$ 315,560	\$ -	\$ 675,114
				Kimberly Clark	\$ 141,981	\$ 227,809	\$ 369,790	\$ (10,379)	\$ (1,557)	\$ 357,854
				Freightliner	\$ 613,548	\$ 316,072	\$ 929,620	\$ -	\$ 420,978	\$ 1,350,598
				TBB	\$ 780,395	\$ 695,796	\$ 1,476,191	\$ -	\$ 74,812	\$ 1,551,003
				Marshall	\$ 1,881,662	\$ 1,556,609	\$ 3,438,271	\$ 604,983	\$ 719,183	\$ 4,762,437
				Residential	\$ -	\$ 64,706	\$ 64,706	\$ 31,007	\$ 132	\$ 95,845
2010 Total Costs				2010						
				Total Costs	\$ 9,601,628	\$ 14,939,380	\$ 24,541,008			
2010 Leases	\$ 121,663			Upgrades			\$ 85,854	\$ 531,717	\$ 617,581	\$ 617,581
2010 O&M	\$ 5,000			Marshall CPV			\$ 110,367	\$ 296,273	\$ 406,640	\$ 406,640
Total	\$ 127,663			2011 Total Costs			\$ 814,970	\$ 2,040,507	\$ 2,855,477	\$ 39,224,356
				2010 Leases	\$ 147,854				Total Leases	\$ 775,733
				2010 O&M	\$ 135,250				Total O&M	\$ 173,312
				Total	\$ 283,104					
									Total	\$ 39,673,401

CERTIFICATE OF SERVICE

I certify that a copy of the Duke Energy Carolinas, LLC's 2011 Annual Cost Update in Docket No. E-7, Sub 856, 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 7th day of February, 2012.

Robert W. Kaylor

Robert W. Kaylor
Law Office of Robert W. Kaylor, P.A.
3700 Glenwood Avenue, Suite 330
Raleigh NC 27612
(919) 828-5250
NC State Bar No. 6237