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February 1, 2010

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FEB 0 2 2010

Clerk's Office N.C. Utilities Commission

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

RE: Solar Distributed Generation Program Annual Cost Update Docket No. E-7, Sub 856

Dear Ms. Vance:

Enclosed for filing are 17 confidential and 14 public copies of Duke Energy Carolinas, LLC Annual Cost Update in the above-referenced docket.

If you have any questions, please let me know.

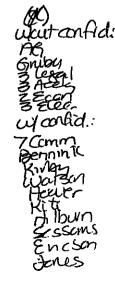
Sincerely,

Charles A. Castle

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Enclosures

cc: Parties of Record



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

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As of year-end 2009, Duke Energy Carolinas, LLC ("Duke Energy Carolinas" lot the monission Company") has completed phase I of the NC Solar PV DG program, securing 5 sites and 4.375MW in aggregate capacity. Phase I was focused on identifying, constructing and installing a small number of larger systems (500-1,500 kW), which generally entail longer construction times. Phase II, which involves the acquisition and installation of small to mid-range systems (50-500 kW), is currently in progress. It is the Company's goal to have all Phase II leases fully executed by March 1, 2010. Phase III will involve the acquisition and installation of small residential systems (1.5-3.5 kW) and will officially begin in April 2010. Preparation work for Phase III is already underway and the Company has targeted October 31, 2010 as the completion date for Phases II and III.

In the Company's selection of vendors to provide the solar modules and installation services, Duke Energy Carolinas conducted a two step bid process. The Company first solicited bids for solar modules from thirteen providers through an open request for proposal ("RFP") process and selected a successful candidate from that pool of responsive vendors. Selection was based on the commercial and technical merit of each vendor's respective proposal. A second set of RFPs were issued to six providers of solar design and erection services. Firms were asked to provide costs and schedules for design, erection, and balance of plant equipment (all but solar modules) based on pre-selected site specifications. The Company selected multiple vendors to perform this work at the various distributed generation site locations.

Site Name	Est. Start Date	MW Size (DC)	Est. PV Watts Output (AC MWh)
Highwoods	4/1/2010	1.495	2,087
Food Lion	4/1/2010	1.090	1,522
Childress Klein	2/1/2010	0.532	705
National Gypsum	2/1/2010	1.208	1,657
McAlpine	5/1/2010	0.050	66
	Total	4.37 MW	6,038 MWh

Phase I sites overview:

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

Costs through December 31, 2009 and costs to complete: [BEGIN CONFIDENTIAL]

				National		
Costs incurred in 2009	Highwoods	Food Lion	Childress Klein	Gypsum	McAlpine	Total Costs
Panels & Equipment	御水谷 学生 作らい			"一個調整的 化化化化	通到 施养学家 3	
Installation Costs				「いいななななななかか」	1997年1月1日 1997年1日 1997年日日日 1997年日日日	
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Panels & Equipment				本部の ある。 ので、 ので、 ので、 ので、 ので、 ので、 ので、 ので、 ので、 ので、	要都是許許確認	德國國際影響
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Total		S. HILL X.E	「「「「「「」」」		·····································	

[END CONFIDENTIAL]

Total Cost Estimates for Phases I, II and III:

[BEGIN CONFIDENTIAL]

	kW	Panel costs	Installation costs	Total Costs
Phase I	4,375			國建立的意識
Phase II Estimates	5,575	市委委官部委		
Phase III Estimates*	50			
Totai	10,000			公式行教

*Phase III estimates are a complete panel and installation package.

[END CONFIDENTIAL]