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February 1, 2010

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

FILED

FEB 02 2010

Clerk's Office
N.C. Utilities Commission

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

pa

Enclosures

cc: Parties of Record

(14)
w/ut confid:
AG
Gribby
3 Legal
3 Acctg
2 Econ
3 Elec
w/ confid.:
7 Comm
Bennett
Kivley
Watson
Heater
Ritt
H. Burn
S. Sams
Enc. Son
Jones

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

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Clerk's Office
North Carolina
Public Service Commission

As of year-end 2009, Duke Energy Carolinas, LLC ("Duke Energy Carolinas 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.

Phase I sites overview:

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

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

Costs incurred in 2009	Highwoods	Food Lion	Childress Klein	National Gypsum	McAlpine	Total Costs
Panels & Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Installation Costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Anticipated \$ to complete in 2010						
Panels & Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Installation Costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[END CONFIDENTIAL]

Total Cost Estimates for Phases I, II and III: [BEGIN CONFIDENTIAL]

	kW	Panel costs	Installation costs	Total Costs
Phase I	4,375	[REDACTED]	[REDACTED]	[REDACTED]
Phase II Estimates	5,575	[REDACTED]	[REDACTED]	[REDACTED]
Phase III Estimates*	50	[REDACTED]	[REDACTED]	[REDACTED]
Total	10,000	[REDACTED]	[REDACTED]	[REDACTED]

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

[END CONFIDENTIAL]