

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

News Release

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**NORTH CAROLINA UTILITIES COMMISSION AND SOUTH CAROLINA PUBLIC
SERVICE COMMISSION ORDER JOINT AUDIT OF DUKE POWER**

The North Carolina Utilities Commission announced today that it has undertaken a joint investigation with the South Carolina Public Service Commission and the North Carolina Public Staff regarding allegations of accounting irregularities at Duke Power, a division of Duke Energy. The investigation, begun in July, will continue in the form of an audit of Duke which will be conducted by an independent firm. The North Carolina and South Carolina Commissions will jointly select the firm and determine the scope of the audit, while the costs of the audit will be charged to Duke.

The North Carolina Commission was alerted first by Duke and then by the Executive Director of the South Carolina Public Service Commission of the existence of allegations of accounting irregularities. The alleged irregularities were brought to the attention of the South Carolina Commission's Executive Director by an anonymous informant. The North Carolina Commission formally notified Duke of its initiation of an investigation on August 3, 2001, and the staffs of both commissions, along with the Public Staff, have conducted a preliminary investigation consisting of meeting with the informant, discovery and review of documents, and meetings with Duke. Duke conducted an internal investigation and provided a report to both state commissions on August 28, 2001.

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