

Reliable and Efficient Utilities

THE ASSURANCE OF RELIABLE, EFFICIENT and reasonably priced utility services to the customers of a region is a hallmark of well-planned economic growth and development. Charlotte area utility providers have earned national reputations for superior management, sophisticated delivery services and exceptional long-range planning. Responsiveness to customer needs is a priority in the delivery of electricity, natural gas, water and wastewater treatment.

Utility service regulation in North Carolina is managed by two principal agencies. The State Utilities Commission regulates electric, natural gas, water and waste water treatment rates, as well as telephone rates and service. The North Carolina Division of Environmental Management, in cooperation with the Federal Environmental Protection Agency Region IV, is responsible for the regulation of water and wastewater treatment services.

**CHARLOTTE-MECKLENBURG
UTILITY COMPANIES ARE
COMMITTED TO PROVIDING
HIGH QUALITY, RELIABLE
SERVICES AT A
REASONABLE COST.**



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Reliable Electricity

Charlotte-based Duke Energy, a diversified multinational energy company, manages a dynamic portfolio of natural gas and electric supply, delivery and trading business meeting the needs of customers throughout North America and in key markets around the world.

Duke Energy celebrated its 100th anniversary in 2004. Not only has the company been around for over a century, it has grown into the nation's largest electric utilities. Currently, Duke Energy provides safe, reliable and competitively priced energy to more than 4 million residential, commercial and industrial customers in the U.S. Much of the business and industry located in the Carolinas has been attracted to this region because of Duke Energy's earned reputation as a dependable source of efficiently priced power.

Duke Energy's generating system is a diverse mix of fossil, hydro and nuclear-fueled plants. Their coal-fired power plants, which produce about half of the utility's electricity, consistently rank among the most efficient in the nation, and their nuclear plants consistently set records for efficiency and reliability.

With more than 106,000 miles of distribution lines (overhead and underground), Duke Energy works hard to ensure dependable power. Because of this, they can claim a service availability of 99.97 percent. According to the Southeastern Electric Exchange's (SEEE) *Distribution Reliability Report*, Duke Energy's System Average Interruption Frequency Index (SAIFI) ranks high among other utility companies in low frequency of outages.

According to the Edison Electric Institute's *Typical Bills and Average Rates Report* for Winter 2007, Duke Energy Carolinas' industrial price for electricity remains stable at 22 percent below the national average. Duke Energy Carolinas' average industrial price is 4.7 cents/kWh, compared to the national average of 6.0 cents/kWh. The average residential price is 6.5 cents/kWh compared to the national average of about 10.6 cents/kWh.

As an economic development incentive, the company offers two billing credits:

1) The Economic Development rider offers a billing credit to certain users that meet specific criteria. The first year credit is 20 percent declining by five percent each year for the next four years. To qualify for this credit the



customer must sign a new 10-year contract with Duke Energy and add 1000 kW of new load at a single delivery point on the Duke Energy system accompanied by either:

- 75 new full time employees per 1000 kW of load, or
- \$400,000 in capital investments per 1000 kW of new load, and a net increase in full time employees

2) The Economic Redevelopment rider offers a 50 percent billing credit for one year to qualifying customers who become tenants of currently vacant commercial and industrial buildings. To qualify for this credit the customer must sign a five-year contract with Duke Energy and add a minimum of 500 kW of new load on the Duke Energy system accompanied by either:

- 35 new full time employees per 500 kW of load, or
- \$200,000 in capital investments per 500 kW of new load, and a net increase in full time employees

**CHARLOTTE HAS
OVER 75,000 MILES OF
FIBER OPTIC CABLE
IN PLACE.**



Residential Utility Cost Index

Comparison Cities: Top 40 Metro Markets
Third quarter 2011

Rank	Cities	Utility Index
1	Nashville, TN	85.7
2	San Antonio, TX	86.0
3	Houston, TX	89.4
4	Denver, CO	89.5
5	Portland, OR	89.5
6	Seattle, WA	90.1
7	San Francisco, CA	90.4
8	Charlotte, NC	90.5
9	Las Vegas, NV	91.7
10	Miami, FL	93.5
11	Atlanta, GA	96.4
12	Tampa, FL	96.5
13	Austin, TX	97.2
14	Cleveland, OH	98.3
15	Phoenix, AZ	98.8
16	Chicago, IL	99.0
17	Cincinnati, OH	99.2
18	Minneapolis, MN	101.1
19	Jacksonville, FL	101.2
20	Columbus, OH	101.5
21	Detroit, MI	104.4
22	Riverside, CA	105.1
23	Washington, DC	105.8
24	St. Louis, MO	106.1
25	Baltimore, MD	106.6
26	Dallas, TX	107.3
27	Orlando, FL	107.5
28	Virginia Beach, VA	108.5
29	Kansas City, MO	109.5
30	Los Angeles, CA	112.4
31	San Diego, CA	112.8
32	Milwaukee, WI	113.3
33	Pittsburgh, PA	126.0
34	Philadelphia, PA	126.0
35	San Jose, CA	129.5
36	Providence, RI	130.8
37	New York, NY (Manhattan)	131.4
38	Boston, MA	146.6

Source: Demographics USA, 2008; Third Quarter 2011, ACCRA Cost of Living Index
Note: Indianapolis and Sacramento did not respond



Optimal Telecommunications

Over 30 companies offer telecommunications services in Charlotte, including major national and regional providers. Charlotte telecommunications offerings are diverse and up-to-date with the newest technology trends. There are hundreds of thousands of miles of maintained fiber optic cable within the region, a wealth of wireless providers, and other emerging telecommunications technologies in the Charlotte area.

A full array of broadband data solutions to large, medium and small businesses is available. The residential market has access to several varieties of high-speed internet access, advanced voice features and other innovative data services.

Key Emerging Technologies

Voice-Over-Internet-Protocol (VoIP), the telecommunications technology that provides the transmission of telephone calls over an Internet connection, is beginning to penetrate local telecommunications markets nationally and in Mecklenburg County. VoIP technology currently requires a computer and a broadband connection. For customers who already have this infrastructure in place, the incremental costs of VoIP service are relatively low. Nationally, the major VoIP providers at the present time are Vonage, AT&T, and certain cable companies — Time Warner Cable Information Services (TWCIS) is certified by the Commission as a CLP and is providing VoIP service in Charlotte.

Within the next few years, plugging into a wall socket may be all that is required to get an internet connection. That is the hope of the HomePlug Power Line Alliance, of which Charlotte's Duke Energy is a member. While many cities and their utilities are monitoring the technology and waiting for it to mature, it appears to be a very plausible solution for rural areas or those who are not served by cable or DSL. Duke Energy is also

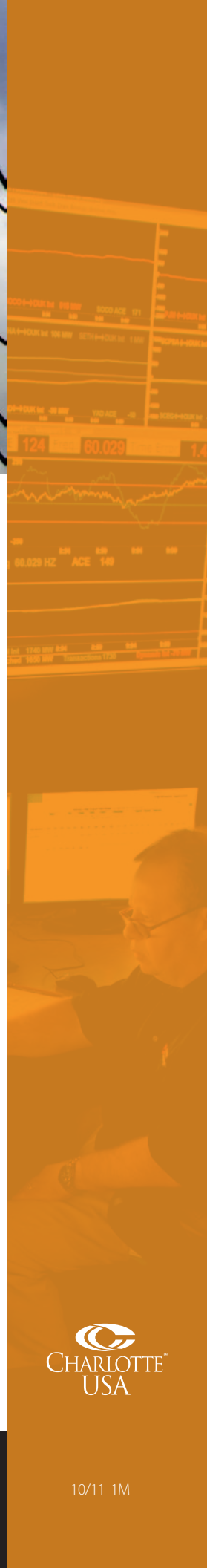


Average Electric Bills

Typical commercial and industrial bills based on kW demand and kWh per month

Location	Commercial Service		Industrial Service (\$/month)	
	40 kW/ 14,000 kWh	500kW/ 180,000 kWh	75kW/ 30,000 kWh	1,000 kW/ 400,000 kWh
Charlotte, NC	\$938	\$11,402	\$1,760	\$21,762
Richmond, VA	\$932	\$10,533	\$1,842	\$21,834
Birmingham, AL	\$1,272	\$16,139	\$2,535	\$24,487
Denver, CO	\$1,023	\$15,360	\$2,124	\$27,085
Raleigh, NC	\$947	\$11,820	\$1,925	\$30,726
Atlanta, GA	\$1,192	\$13,575	\$2,321	\$31,397
Miami, FL	\$1,360	\$17,064	\$2,804	\$36,999
Tampa, FL	\$1,488	\$17,136	\$2,830	\$37,244
Chicago, IL	\$1,257	\$21,252	\$2,620	\$45,454
El Paso, TX	\$1,784	\$22,511	\$3,602	\$47,838
Dallas, TX	\$1,877	\$22,748	\$3,752	n/a

Source: Edison Electric Institute, Typical Bills and Average Rates Report, Winter 2007



currently spearheading the testing of high speed broadband internet over power lines (BPL) in Charlotte.

Abundant Water and Waste Treatment

Charlotte's water supply originates in the Southern Appalachian Mountains. Clear, cold, mountain water feeds through streams and tributaries into the Catawba River where a series of dams, built to generate hydroelectric power, creates a series of lakes. Among these impoundments is Mountain Island Lake, the primary source of Charlotte's water supply. Even on days of highest demand, Charlotte will draw less than three percent of the lake's content, which is replenished from upstream. Charlotte has an ample supply of high-quality source water for the foreseeable future.

Charlotte-Mecklenburg Utilities provides water and wastewater treatment service to Mecklenburg County and its incorporated cities. The utility presently maintains more than 245,000 commercial and residential water connections.

The water and sewer system is growing at an annual rate of three to five percent and currently includes three water treatment plants, 3,064 miles of water mains, 3,047 miles of wastewater collection mains and five wastewater treatment plants. System operation is paid for by user charges, which includes debt service. Expansion is financed by the sale of revenue bonds.

Charlotte-Mecklenburg Utilities has an aggressive five-year capital program to ensure future water and wastewater treatment capacity. Despite rapid growth in this region, the utility's water and sewer rates continue to be very competitive in the Southeast and nationwide.

Available Natural Gas

Piedmont Natural Gas is an energy and services company primarily engaged in the transportation, distribution and sale of natural gas to one million residential, commercial and industrial customers in North Carolina, South Carolina and

Tennessee. The Charlotte-based company is the second-largest natural gas utility in the Southeast. An unregulated subsidiary of the company is an equity participant in a venture that markets natural gas to an additional 560,000 customers in Georgia, the first state in the venture's eight-state region to deregulate retail natural gas service. Another unregulated subsidiary is an equity participant in Heritage Propane Partners, L.P., the nation's fourth-largest propane distributor serving more than 500,000 customers in 28 states.

Additional Utility Services

Additional utility suppliers in the Charlotte area include investor-owned water and wastewater companies, telecommunications and teleconferencing companies. Over 30 cellular and mobile telephone companies provide state-of-the-art service to their customers and anyone looking for a specific television channel is sure to find it on one of Charlotte's six cable and satellite television service providers. Internet service is growing exponentially, 109 companies in Charlotte offer a wide variety of services and expertise.

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