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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 929
DOCKET NO. E-2, SUB 930
DOCKET NO. E-2, SUB 931

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 929

In the Matter of Application by Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. for Authority to Adjust Its Electric Rates and Charges Pursuant to G.S. 62-133.2 and NCUC Rule R8-55

DOCKET NO. E-2, SUB 930

In the Matter of Application by Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. for Approval of REPS Cost Recovery Rider Pursuant to G.S. 62-133.8 and NCUC Rule R8-67

DOCKET NO. E-2, SUB 931

In the Matter of Application by Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. for Approval of DSM and Energy Efficiency Cost Recovery Rider Pursuant to G.S. 62-133.9 and NCUC Rule R8-69

**NOTICE TO
CUSTOMERS
OF CHANGE
IN RATES**

NOTICE IS GIVEN that, as required by legislation passed in 2007 by the North Carolina General Assembly, the North Carolina Utilities Commission has authorized Progress Energy Carolinas, Inc. ("PEC") to increase its rates to recover certain costs associated with its costs of fuel, its costs of purchasing renewable energy and its costs associated with programs implemented to encourage more efficient use of electricity by its customers. The Commission's Orders were issued in Docket Nos. E-2, Subs 929, 930, and 931 on November 14, 2008.

Fuel-Related Rate Increase

The rate increase associated with PEC's fuel costs followed Commission review of PEC's fuel and fuel-related expenses during the 16-month period ended July 31, 2008, and forecasted costs through November 30, 2009. The increase in rates for each rate class is as follows: Residential-0.882 cents per kWh; Small General Service-0.953 cents per kWh; Medium General Service-0.679 cents per kWh; Large General Service-0.561 cents per kWh; and Lighting-1.884 cents per kWh.

Renewable Energy Portfolio Standard (REPS) Rate Increase

The rate increase associated with PEC's obligation to purchase electricity produced by renewable resources followed Commission review of PEC's renewable energy

costs incurred from January 1, 2008, through July 31, 2008, and PEC's forecasted costs through November 30, 2009. The increase in the monthly rate per customer for each class of customers authorized by the Commission is as follows: Residential-36 cents; Commercial Class-\$1.82; Industrial Class-\$18.24. For purposes of this rate, a "customer" is defined as all accounts (metered and unmetered) serving the same person or company of the same revenue classification located on the same or contiguous properties. Upon written notification from a customer to the utility, accounts meeting these criteria shall be coded to receive only one monthly REPS charge.

Demand-Side Management and Energy Efficiency Related Rate Increase

The rate increase associated with PEC's programs to encourage its customers to use electricity more efficiently was authorized by the Commission subject to a pending review of PEC's costs from August 20, 2007, through July 31, 2008, and its forecasted costs through November 30, 2009. The increase in rates for each rate class is as follows: Residential-0.074 cents per kWh; Small General Service 0.047 cents per kWh; Medium General Service-0.047 cents per kWh; Large General Service-0.047 cents per kWh; and Lighting-0.000 cents per kWh. Commercial customers with annual consumption of 1,000,000 kWh or greater in the prior calendar year and all industrial customers with their own energy efficiency or demand-control programs may elect not to participate in PEC's programs and may thereby avoid paying these charges. Because these rates are included in a customer's tariff charges, commercial and industrial customers electing not to participate in PEC's programs will receive an offsetting credit on their monthly bills.

Summary of Rate Impact

All of these billing increases are effective December 1, 2008. The total monthly impact of all three increases for a residential customer consuming 1,000 kWh per month is \$9.92. The total monthly impact for commercial and industrial customers will vary based upon consumption and customers' participation in PEC's demand-side management and energy efficiency programs.

ISSUED BY ORDER OF THE COMMISSION. This the 20th day of November, 2008.

NORTH CAROLINA UTILITIES COMMISSION

Gail L. Mount, Deputy Clerk