

**All rates effective with December 2008 billing.**

A brief description of Progress Energy Carolinas' residential rates is outlined in the brochure.

# Committed to our Customers

**On November 14, the N.C. Utilities Commission approved changes in portions of Progress Energy Carolinas' retail rates related to fuel, energy conservation and renewable energy. The major component of the rates, also known as the base rate, has not been increased since 1988.**

Effective December 1, for a retail residential customer using 1,000 kilowatt-hours (kWh) a month, the average monthly bill increased from \$96.86 to \$106.78. The components of the increase are as follows:

1. <b>Fuel</b>	\$8.82 (including about \$0.50 for emission-control reagents)
2. <b>REPS</b>	\$0.36
3. <b>DSM/EE</b>	\$0.74
<b>TOTAL</b>	<b>\$9.92</b>

**Fuel:** The cost of coal, natural gas, oil and uranium, as well as power purchased from other utilities. This also includes the costs of reagents (such as limestone and ammonia) used to reduce emissions at coal-fired power plants. This charge accounts for most of the rate increase (\$8.82 on a 1,000 kWh bill). By law, Progress Energy makes no profit from the fuel portion of rates.

While gasoline prices dropped in late 2008, prices for other fuels remained high for the 12-month rate assessment period.

*Between June 2007 and June 2008:*

- The market price for coal rose more than 160 percent.
- The market price for natural gas increased 55 percent.
- The market price for fuel oil increased nearly 90 percent.
- Uranium prices increased as well, though the impact of price increases for uranium is less significant than for fossil fuels.

**REPS (Renewable Energy Portfolio Standards):**

North Carolina's energy law, Senate Bill 3, adopted in 2007, requires electric utilities to increase the amount of energy they produce or purchase from renewable sources. This charge (\$.36 per month) includes solar, wind, biofuels, etc. Progress Energy has signed contracts with three megawatt-sized solar plants and two biofuels facilities, in compliance with state law.

**DSM/EE (Demand-Side Management/Energy Efficiency):**

This charge (\$0.74 per month based on 1,000 kWh) is to recover the cost of implementing energy-efficiency and demand-side management programs. The N.C. Utilities Commission has approved a number of programs filed by Progress Energy this year, and the company is designing additional programs to help customers use energy wisely and save on their energy bills. For more ideas on how to save energy and money, visit [savethewatts.com](http://savethewatts.com).

## Breakdown of monthly bill statement

This bill belongs to a sample customer who uses 1,050 kWh of electricity in their January bill using RES nonsummer rates. Summer rates are 1¢/kwh higher.

Residential Service	
Usage period	Dec 15 – Jan 16
Days in period	32 Days
Electric Service	107.91
REPS Adjustment	.36
3% North Carolina sales tax	3.25
Current bill amount	111.52
<b>Total due</b>	<b>\$ 111.52</b>

## WHAT WE'RE DOING TO CONTROL RISING COSTS

Progress Energy Carolinas knows that any cost increase is unwelcome, particularly when many North Carolinians are struggling with rising prices for goods and services. Higher prices are a new energy reality, but we're doing all we can to minimize the effect of cost increases on our customers. We can't change the global factors that are contributing to higher prices, but we can – and do – actively manage our use of fuels by negotiating the best possible terms on supply contracts, and by operating our power plants safely and efficiently.

Progress Energy Carolinas' power plants, including both nuclear and fossil-fueled plants, have been recognized nationally for sustained reliable and efficient performance. That performance, coupled with the company's diversity of power plant resources, has helped us keep fuel expenses as low as possible for customers. Average North Carolina residential costs increased 1.3 percent in 2007, 5.4 percent in 2006, and 4.4 percent in 2005.

## WHAT CUSTOMERS CAN DO TO SAVE ON THEIR ENERGY BILL

Progress Energy encourages customers to use energy wisely every day and has several new efficiency and conservation programs for our customers, with more on the way. We are working to design programs that fit with our customers' lifestyles.

Customers can save up to 20 percent on their energy costs by making simple changes at home. Cleaning air filters, replacing incandescent light bulbs with compact fluorescent bulbs, adjusting the thermostat and sealing windows and doors can result in noticeable savings. For more than 100 energy-efficiency tips, visit the company's Web site at [savethewatts.com](http://savethewatts.com).

## BILL MANAGEMENT TOOLS

Strategies to help customers save energy and money.

- Complete an online **Home Energy Check** to find specific places to save in your home.
- Learn how to read your electric meter, so you can track your usage.
- Enroll in our **Equal Payment Plan**, which gives you the same monthly payment for 12 months and eases the impact of seasonal bill increases.
- Use the **Lower My Bill Toolkit** to analyze your account using graphs and details that compare your usage by month, year and season at [progress-energy.com/lowermybill](http://progress-energy.com/lowermybill).