

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Ralph K. Anderson III, Administrative Law Judge

Case No. 10-ALJ-17-0270-CC

Duke Energy Corporation.....Appellant,

v.

South Carolina Department of Revenue.....Respondent.

RECORD ON APPEAL

VOLUME XII

Milton G. Kimpson
J. Abraham Gutting
South Carolina Department of Revenue
PO Box 12265
Columbia, SC 29211
(803) 898-5131

John M.S. Hoefer
Tracey C. Green
John W. Roberts
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202
(803) 252-3300

Harry A. Hancock, Esq.
The Law Office of Dean B. Bell, LLC
1 Corpus Christie Place, Suite 105
Hilton Head Island, SC 29928
(843) 785-9772

Attorneys for Respondent

Burnet R. Maybank III
James Frederick Reames III
Tanya A. Gee
NEXSEN PRUET, LLC
1230 Main Street, Suite 700
PO Drawer 2426 (29202)
Columbia, SC 29201
(803) 771-8900

Eric S. Tresh, *Pro Hac Vice*
Maria M. Todorova, *Pro Hac Vice*
SUTHERLAND ASBILL & BRENNAN LLP
999 Peachtree Street, NE, Suite 2300
Atlanta, GA 30309
(404) 853-8000

Jeffrey A. Friedman, *Pro Hac Vice*
SUTHERLAND ASBILL & BRENNAN LLP
700 Sixth St NW #700
Washington, DC 20001
(202) 383-0718

Attorneys for Duke Energy Corporation

INDEX

ORDERS

1.	Consent Order, dated August 8, 2003	9
2.	Order Granting Summary Judgment in Part and Denying Summary Judgment in Part, dated August 9, 2012	11
3.	Suspension Notice, dated August 29, 2012	47
4.	Amended Order Granting Summary Judgment in Part and Denying Summary Judgment in Part, dated October 11, 2012	49
5.	Order Denying Motion for Reconsideration in Part and Granting Reconsideration in Part, dated October 11, 2012	85
6.	Final Order and Decision, dated November 2, 2012	93
7.	Amended Final Order and Decision, dated December 4, 2012	120
8.	Reconsideration Order, dated December 4, 2012	147

PLEADINGS

9.	Department of Revenue's Motion for Summary Judgment and Memorandum In Support, dated April 20, 2012	166
10.	Duke Energy's Cross-Motion for Summary Judgment and Memorandum, dated May 21, 2012.....	371
11.	Department of Revenue's Memorandum in Reply to the Response of Duke Energy Opposing the Motion for Summary Judgment by the Department of Revenue and Memorandum Objecting to the Grant of the Cross-Motion for Summary Judgment by Duke Energy, with all Attachments & Exhibits, dated June 4, 2012.....	825
12.	Duke Energy's Post-Hearing Memorandum of Law, dated June 28, 2012	978
13.	Department of Revenue's Response to Duke Energy's Post-Hearing Memorandum of Law, dated July 9, 2012.....	1022
14.	SCDOR Response to Questions by Court, dated July 17, 2012	1030
15.	Duke Energy's Motion for Reconsideration of the Court's Order Granting the Department of Revenue's Motion for Summary Judgment and Memorandum of Authorities, dated August 20, 2012	1034

16.	Department of Revenue's Pre-Trial Memorandum, dated August 27, 2012	1153
17.	Duke Energy Corporation's Pre-Trial Brief, dated August 27, 2012	1180
18.	Stipulations of Facts and Issues, dated September 4, 2012	1815
19.	Department of Revenue's Memorandum Opposing Duke Energy's Motion for Reconsideration of the Order Granting Partial Summary Judgment to the Department, dated September 14, 2012.....	1820
20.	Duke Energy Corporation's Responses to the Inquiries Presented by the ALC on September 19, 2012	1835
21.	Department of Revenue's September 21, 2012 letter in response to ALC's inquiries regarding statement made by Duke Energy in its Motion for Reconsideration.....	1877
22.	Notice of Appeal, dated October 9, 2012	1879
23.	Amended Notice of Appeal, dated October 23, 2012.....	1926
24.	Duke Energy's Motion for Reconsideration of the Court's Final Order and Decision, dated November 12, 2012.....	1975
25.	Notice of Appeal, dated January 2, 2013	2020
26.	Amended Notice of Appeal, dated January 3, 2013	2075
27.	Duke Energy's Motion to Consolidate, dated January 14, 2013	2368

TRANSCRIPTS

28.	Trial Transcript, dated September 5-6, 2012	2380
29.	Excerpts from the Motion for Summary Judgment Hearing Transcript, dated June 26, 2012	2796
30.	Excerpts from the Deposition Transcript of Sherwood Lee Love, dated November 22, 2011	2983
31.	Excerpts from Deposition Transcript of Joe Southard, dated December 2, 2011.....	3135
32.	Excerpts from Deposition Transcript of Jan Urban, dated December 21, 2011	3335
33.	Excerpts from Deposition Transcript of Glenn J. Robinson, dated January 4, 2012..	3539
34.	Excerpts from Deposition Transcript of Dr. Ioannis "John" Papapolymerou, dated January 11, 2012	3872

35.	Excerpts from Deposition Transcript of Dhiaa M. Jamil, dated January 17, 2012.....	3983
36.	Excerpts from Deposition Transcript of Ronald W. Urban, dated March 14, 2012...	4042
37.	Excerpts from the Deposition Transcript of Sarah G. Major, dated March 14, 2012	4127

EXHIBITS AND OTHER MATERIALS

38.	Pet.'s Trial Ex. 1 (Duke's Amended South Carolina Tax Returns for 1978)	4183
39.	Pet.'s Trial Ex. 2 (Duke's Amended South Carolina Tax Returns for 1979)	4201
40.	Pet.'s Trial Ex. 3 (Duke's Amended South Carolina Tax Returns for 1980)	4257
41.	Pet.'s Trial Ex. 4 (Duke's Amended South Carolina Tax Returns for 1981)	4275
42.	Pet.'s Trial Ex. 5 (Duke's Amended South Carolina Tax Returns for 1982)	4321
43.	Pet.'s Trial Ex. 6 (Duke's Amended South Carolina Tax Returns for 1983)	4371
44.	Pet.'s Trial Ex. 7 (Duke's Amended South Carolina Tax Returns for 1984)	4393
45.	Pet.'s Trial Ex. 8 (Duke's Amended South Carolina Tax Returns for 1985)	4413
46.	Pet.'s Trial Ex. 9 (Duke's Amended South Carolina Tax Returns for 1986)	4435
47.	Pet.'s Trial Ex. 10 (Duke's Amended South Carolina Tax Returns for 1987)	4455
48.	Pet.'s Trial Ex. 11 (Duke's Amended South Carolina Tax Returns for 1988)	4483
49.	Pet.'s Trial Ex. 12 (Duke's Amended South Carolina Tax Returns for 1989)	4567
50.	Pet.'s Trial Ex. 13 (Duke's Amended South Carolina Tax Returns for 1990)	4601
51.	Pet.'s Trial Ex. 14 (Duke's Amended South Carolina Tax Returns for 1991)	4667
52.	Pet.'s Trial Ex. 15 (Duke's Amended South Carolina Tax Returns for 1992)	4701
53.	Pet.'s Trial Ex. 16 (Duke's Amended South Carolina Tax Returns for 1993)	4759
54.	Pet.'s Trial Ex. 17 (Duke's Amended South Carolina Tax Returns for 1994)	4787
55.	Pet.'s Trial Ex. 18 (Duke's Amended South Carolina Tax Returns for 1995)	4867
56.	Pet.'s Trial Ex. 19 (Duke's Amended South Carolina Tax Returns for 1996)	4936

57.	Pet.'s Trial Ex. 20 (Duke's Amended South Carolina Tax Returns for 1997)	5004
58.	Pet.'s Trial Ex. 21 (Duke's Amended South Carolina Tax Returns for 1998)	5072
59.	Pet.'s Trial Ex. 22 (Duke's Amended South Carolina Tax Returns for 1999)	5188
60.	Pet.'s Trial Ex. 23 (Duke's Amended South Carolina Tax Returns for 2000)	5368
61	Pet.'s Trial Ex. 24 (Duke's Amended South Carolina Tax Returns for 2001)	5422
62.	Pet.'s Trial Ex. 25 (Letter dated February 12, 2003 from the Department of Revenue to Duke denying refund claims)	5532
63.	Pet.'s Trial Ex. 26 (Letter dated March 13, 2003 from Duke protesting denial)	5533
64.	Pet.'s Trial Ex. 27 (Letter dated April 30, 2003 from Jan Steensen Crangle to Craig Fields re appeal of Department of Revenue's findings).....	5543
65.	Pet.'s Trial Ex. 28_1 (Cooper Monroe's field notes for audit December 1-5, 2003)	5544
66.	Pet.'s Trial Ex. 28_2 (State Audit Tracker for Duke Energy State Income Tax, dated February 18, 2003).....	5545
67.	Pet.'s Trial Ex. 29 (Department of Revenue's Determination, dated February 4, 2010).....	5546
68.	Pet.'s Trial Ex. 30 (Duke's Notice of Request for Contested Case Hearing, dated March 4, 2010)	5558
69.	Pet.'s Trial Ex. 31 (Department of Revenue's Prehearing Statement, dated March 31, 2010)	5582
70.	Pet.'s Trial Ex. 32 (Department of Revenue's Amended Prehearing Statement, dated November 30, 2010).....	5588
71.	Pet.'s Trial Ex. 33 (Duke's Products and Services).....	5594
72.	Pet.'s Trial Ex. 34 (Dhiaa Jamil's CV).....	5598
73.	Pet.'s Trial Ex. 35 (Duke's 10-K for fiscal year ending December 31, 2001)	5599
74.	Pet.'s Trial Ex. 36 (Public Service Commission Report for 2010-2012)	5767
75.	Pet.'s Trial Ex. 37 (Service Commission of SC Proposed Order, dated October 25, 1991)	5801

76.	Pet.'s Trial Ex. 38 (PSC Direct Testimony of Dhiaa M. Jamil, dated 2009).....	5897
77.	Pet.'s Trial Ex. 43 (Dr. Papapolymerou's CV).....	5923
78.	Pet.'s Trial Ex. 49_B-1 (Duke Power 10-K for FYE 12/31/78).....	5927
79.	Pet.'s Trial Ex. 49_B-2 (Duke Power 10-K for FYE 12/31/79).....	5975
80.	Pet.'s Trial Ex. 49_B-3 (Duke Power 10-K for FYE 12/31/80).....	6027
81.	Pet.'s Trial Ex. 49_B-4 (Duke Power 10-K for FYE 12/31/81).....	6081
82.	Pet.'s Trial Ex. 49_B-5 (Duke Power 10-K for FYE 12/31/82).....	6133
83.	Pet.'s Trial Ex. 49_B-6 (Duke Power 10-K for FYE 12/31/83).....	6187
84.	Pet.'s Trial Ex. 49_B-7 (Duke Power 10-K for FYE 12/31/84).....	6239
85.	Pet.'s Trial Ex. 49_B-8 (Duke Power 10-K for FYE 12/31/85).....	6293
86.	Pet.'s Trial Ex. 49_B-9 (Duke Power 10-K for FYE 12/31/86).....	6347
87.	Pet.'s Trial Ex. 49_B-10 (Duke Power 10-K for FYE 12/31/87).....	6401
88.	Pet.'s Trial Ex. 49_B-11 (Duke Power 10-K for FYE 12/31/88).....	6491
89.	Pet.'s Trial Ex. 49_B-12 (Duke Power 10-K for FYE 12/31/89).....	6583
90.	Pet.'s Trial Ex. 49_B-13 (Duke Power 10-K for FYE 12/31/90).....	6673
91.	Pet.'s Trial Ex. 49_B-14 (Duke Power 10-K for FYE 12/31/91).....	6689
92.	Pet.'s Trial Ex. 49_B-15 (Duke Power 10-K for FYE 12/31/92).....	6789
93.	Pet.'s Trial Ex. 49_B-16 (Duke Power 10-K for FYE 12/31/93).....	6901
94.	Pet.'s Trial Ex. 49_B-17 (Duke Power 10-K for FYE 12/31/94).....	6963
95.	Pet.'s Trial Ex. 49_B-18 (Duke Power 10-K for FYE 12/31/95).....	7025
96.	Pet.'s Trial Ex. 49_B-19 (Duke Power 10-K for FYE 12/31/96).....	7045
97.	Pet.'s Trial Ex. 49_B-20 (Duke Power 10-K for FYE 12/31/97).....	7271
98.	Pet.'s Trial Ex. 49_B-21 (Duke Power 10-K for FYE 12/31/98).....	7311
99.	Pet.'s Trial Ex. 49_B-22 (Duke Power 10-K for FYE 12/31/99).....	7467

100.	Pet.'s Trial Ex. 49_B-23 (Duke Power 10-K for FYE 12/31/00)	7703
101.	Pet.'s Trial Ex. 49_B-24 (Duke Power 10-K for FYE 12/31/01)	7733
102.	Pet.'s Trial Ex. 50 (Dr. Pomp's responses to interrogatories, dated September 23, 2011)	7889
102.	Respondent's Trial Exhibit 1 (Income Tax Division, Foreign Corporate Training Manual)	7893
103.	Respondent's Trial Exhibit 2 (Restated Charter of Duke Power Company, dated July 25, 1977)	7938
104.	Respondent's Trial Exhibit 3 (Restated Articles of Incorporation of Duke Power Company, dated October 6, 1993)	7969
105.	Respondent's Trial Exhibit 4 (Related Articles of Incorporation of Duke Energy Corporation, dated June 18, 1997)	8030
106.	Waiver Forms FS-43	8086
107.	Department of Revenue's requests to extend the audit, 1989 – 2001	8108
108.	IRS' Final Determination with respect to tax years 1984 and 1986 through 1989, dated September 23, 1992	8157
109.	IRS' Final Determination with respect to tax years 1990 and 1991, dated May 11, 2001	8161
110.	IRS' Final Determination with respect to tax years 1992 and 1993, dated July 17, 2001	8165
111.	Correspondence between Duke Energy and the Department of Revenue re: Duke's intention to file amended tax returns, March and July 2002	8166
112.	Department of Revenue's Report of Field Audit, dated August 8, 2002	8176
113.	Form SC870AD - Offer of Waiver of Restrictions on Assessment and Collection of Additional Tax or Acceptance of Over Assessment, dated August 13, 2002	8177
114.	Duke Energy's Protest / Application for Appeal, dated April 18, 2008	8178
115.	Duke Energy's Prehearing Statement, dated April 1, 2010	8194
116.	Department of Revenue's Responses to Petitioner's Request for Production of Documents	8201
117.	Affidavit of Sherwood Love, dated December 31, 2010	8211

118.	Affidavit of Rickey McCarver, dated January 7, 2011	8218
119.	Affidavit of Marvin N. Davant, dated May 16, 2012	8222
120.	Affidavit of Robert K. Anderson, dated May 17, 2012	8226
121.	Affidavit of T. Cooper Monroe, III, dated June 28, 2012.....	8229
122.	Return File Date Chart.....	8233
123.	Waivers Schedule.....	8234
124.	IRS Notice.....	8235
125.	Certificate of Counsel	8236

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 10 of Set 2

PAYROLL RATIO

WITHIN SOUTH CAROLINA

11. GROSS PAYROLL (COLUMN 1)
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS
13. TOTAL PAYROLL (COLUMN 1)

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)
12. LESS: OFFICERS COMPENSATION & EXCLUSION
13. TOTAL PAYROLL (COLUMN 2)

13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)

EVERYWHERE

14. TOTAL SALES (COLUMN 2)

14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

15. TOTAL SALES WITHIN S.C. (COLUMN 1)

15. TOTAL SALES EVERYWHERE (COLUMN 2)

15. EXTRA SALES RATIO (COLUMN 3)

16. TOTAL OF RATIOS

17. ARITHMETICAL AVERAGE OF RATIOS

CRESCENT RES 57-0443582	DELS RESOURCES 56-1953976	DUKE ELS 56-6027038	DUKEMET 56-1879392	DUKE MERCHANT 56-1926367
0	1,618,402	8,126,190	0	0
0	0	0	0	0
0	1,618,402	8,126,190	0	0
0	18,766,940	146,502,002	0	0
0	0	2,857,974	0	0
0	18,766,940	149,360,028	0	0
0.0000	8.6237	5.6572	0.0000	0.0000
0	2,084,509	20,055,766	31,598,450	0
0	24,171,904	380,469,100	84,466,488	0
0.0000	8.6237	5.2713	37.4095	0.0000
0	2,084,509	20,055,766	31,598,450	0
0	24,171,904	380,469,100	84,466,488	0
0.0000	8.6237	5.2713	37.4095	0.0000
0.0000	25.8711	17.5846	104.7866	0.0000
0.0000	8.6237	4.3762	34.9289	0.0000

AS ORIGINALLY FILED

5255

DES00011614

09/11/2000 - 12:24:39 PM

SC CONS W/DUXE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 10 of Set 3

PATROLL RATIO

WITHIN SOUTH CAROLINA

11. GROSS PAYROLL (COLUMN 1)
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS
13. TOTAL PAYROLL (COLUMN 1)

DUKE WATER 56-1976539	M-P SUPPLY 56-0722840	TECHTROL 56-1544719	INTERA 56-1934649	DCOMSRVINC 56-2117886
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)
12. LESS: OFFICERS COMPENSATION & EXCLUSION
13. TOTAL PAYROLL (COLUMN 2)
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)

0	0	543,784	0	4,751

EVERYWHERE

14. TOTAL SALES (COLUMN 2)
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

0	285,088	3,051,521	1,711,820	2,665,922
0.0000	0.0000	17.8201	0.0000	0.1782

15. TOTAL SALES WITHIN S.C. (COLUMN 1)
15. TOTAL SALES EVERYWHERE (COLUMN 2)
15. EXTRA SALES RATIO (COLUMN 3)

0	0	543,784	0	4,751
0	285,088	3,051,521	1,711,820	2,665,922
0.0000	0.0000	17.8201	0.0000	0.1782

16. TOTAL OF RATIOS

0.0000	0.0000	35.6402	0.0000	0.3564

17. ARITHMETICAL AVERAGE OF RATIOS

0.0000	0.0000	11.8891	0.8000	0.1189

AS ORIGINALLY FILED

5256

DES00011615

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 10 of Sec 4

PAYROLL RATIO

WITHIN SOUTH CAROLINA

11. GROSS PAYROLL (COLUMN 1)
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS

13. TOTAL PAYROLL (COLUMN 1)

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)
12. LESS: OFFICERS COMPENSATION & EXCLUSION

13. TOTAL PAYROLL (COLUMN 2)

13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)

EVERYWHERE

14. TOTAL SALES (COLUMN 2)

14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

15. TOTAL SALES WITHIN S.C. (COLUMN 1)

15. TOTAL SALES EVERYWHERE (COLUMN 2)

15. EXTRA SALES RATIO (COLUMN 3)

16. TOTAL OF RATIOS

17. ARITHMETICAL AVERAGE OF RATIOS

DUKE PROJ SERV 56-0858436	DUKESOLUTIONS 56-0904643	DETHI MGT, INC 84-1774542	WATEREE POWER 56-0751403	GREENVILLE 56-0891274
35,772	6,622	16,342	0	0
0	0	0	0	0
35,772	6,622	16,342	0	0
25,925,728	29,658,903	27,706,497	0	0
847,361	726,538	9,672,146	0	0
25,078,367	29,332,365	18,034,351	0	0
0.1426	0.0226	0.0906	0.0000	0.0000
0	160,701	712,097	0	0
716,097,082	432,315,889	7,791,524,214	0	0
0.0000	0.0372	0.0091	0.0000	0.0000
0	160,701	712,097	0	0
716,097,082	432,315,889	7,791,524,214	0	0
0.0000	0.0372	0.0091	0.0000	0.0000
0.1426	1.3627	0.1088	0.0000	0.0000
0.0357	0.3257	0.0277	0.0000	0.0000

AS ORIGINALLY FILED

5257

DES00011616

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 10 of Sec 5

PAYROLL RATIO

WITHIN SOUTH CAROLINA

11. GROSS PAYROLL (COLUMN 1)
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS
13. TOTAL PAYROLL (COLUMN 1)

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)
12. LESS: OFFICERS COMPENSATION & EXCLUSION
13. TOTAL PAYROLL (COLUMN 2)
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

SOUTHERN POWER 56-0891283	CRESCENT L&T 56-1799813	DSLIC 56-2096114	WEST CAR POWER 56-0891269	SUGAR PROPERTY 58-2102108
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)

EVERYWHERE

14. TOTAL SALES (COLUMN 2)
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

15. TOTAL SALES WITHIN S.C. (COLUMN 1)
15. TOTAL SALES EVERYWHERE (COLUMN 2)
15. EXTRA SALES RATIO (COLUMN 3)

0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000
0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000

16. TOTAL OF RATIOS

17. ARITHMETICAL AVERAGE OF RATIOS

AS ORIGINALLY FILED

5258

DES00011617

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 1

DUKE ENERGY
56-0205520

CLT DEVELOP
56-1193851

CAROLINA CTRS
56-1124729

CRES CON SC
56-7030305

SCHEDULE N-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0
0	0	0	0
0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)
4. RATIO OF GROSS RECEIPTS

0	0	0	0
0	0	0	0
0	0	0	0
0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5259

DES00011618

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 2

CRESCENT RES 57-0443582	DESS RESOURCES 56-1953974	DUKE E&S 56-6027038	DUKE NET 56-1879392	DUKE MERCHANT 56-1926267

SCHEDULE M-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

43,061,008	0	0	0	0
40,127,294	0	0	0	0
2,933,714	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

265,614,431	0	0	0	0
173,542,821	0	0	0	0
92,071,610	0	0	0	0

4. RATIO OF GROSS RECEIPTS

9.1471	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5260

DES00011619

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 3

DUKE WATER 56-1976539	M-P SUPPLY 56-0322840	TECHTROL 56-1544719	INTERA 56-1934649	DCOMSERVIC 56-2117886

SCHEDULE H-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

4. RATIO OF GROSS RECEIPTS

0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5261

DES00011620

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 4

DUKE PROJ SERV 56-0858436	DUKESOLUTIONS 56-0904643	DETHI MGT. INC 84-1274547	WATEREE POWER 56-0751405	GREENVILLE 56-0891274

SCHEDULE K-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

4. RATIO OF GROSS RECEIPTS

0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5262

DES00011621

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 5

SOUTHERN POWER	CRESCENT LIT	DSLLC	WEST CAR POWER	SUGAR PROPERTY
56-0891283	56-1799013	56-7096114	56-0891269	58-2202808

SCHEDULE H-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	33,412,310
0	0	0	0	0
0	0	0	0	33,412,310

4. RATIO OF GROSS RECEIPTS

0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5263

DES00011622

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 12 of 52 1

DUKE ENERGY	CLT DEVELOP	CAROLINA CTRS	CRES COM SC
56-0705520	56-1193851	56-1124729	56-2030305
***** *SCHEDULE N-3 RATIO FOR PUBLIC SERVICE CORPS* *****			
0	0	0	0
0	0	0	0
0.0000	0.0000	0.0000	0.0000

1. TOTAL WITHIN SOUTH CAROLINA
2. TOTAL FOR SYSTEM
3. RATIO

AS ORIGINALLY FILED

5264

DES00011623

AS ORIGINALLY

CRESCENT RES	51-0443582	DELS RESOURCES	56-1953976	DUKE EIS	56-6027038	DUKEDCT	56-1879392	DUKE HERCAND	56-1926383
0	0	0	0	0	0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

SCHEDULE H-3 RATIO FOR PUBLIC SERVICE COMPS

1. TOTAL WITHIN SOUTH CAROLINA
2. TOTAL FOR SYSTEM
3. RATIO

09/11/2000 - 12:24:39 PM
SC COMS M/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 3

DUKE WATER	M-F SUPPLY	TECHROL	INTERA	DCONSERVINC
56-1976539	56-0322840	56-1944719	56-1934649	56-2117896

SCHEDULE H-3 RATIO FOR PUBLIC SERVICE CORPS

1. TOTAL WITHIN SOUTH CAROLINA
2. TOTAL FOR SYSTEM
3. RATIO

0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5266

DES00011625

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 4

DUKE PROJ SERV	DUKESOLUTIONS	DETHI MGT, INC	WATEREE POWER	GREENVILLE
56-0858436	56-0901643	84-1274542	56-0751405	56-0891274

SCHEDULE M-3 RATIO FOR PUBLIC SERVICE CORPS

1. TOTAL WITHIN SOUTH CAROLINA
2. TOTAL FOR SYSTEM
3. RATIO

0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5267

DES00011626

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 3

SOUTHERN POWER	CRESCENT LIT	DSLLC	WEST CAR POWER	SUGAR PROPERTY
56-0891283	56-1799013	56-2096114	56-0891269	58-2202808

SCHEDULE H-3 RATIO FOR PUBLIC SERVICE CORPS

1. TOTAL WITHIN SOUTH CAROLINA
2. TOTAL FOR SYSTEM
3. RATIO

0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5268

DES00011627

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 1

SC CONS W/DUKE POWER
Year: 1999

Corr. DUKE ENERGY 56-0205520 CLT DEVELOP 56-1322851 CAROLINA CTAS 56-1124729 CRES CON SC 56-2020105
SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

PART I - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	1,350,747,216	1,198,826,087	3,587,695	0	0
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	119,382,335	87,598,442	122,816	0	0
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	1,470,129,551	1,286,424,529	3,709,511	0	0
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH G	432,461,987	399,631,917	243,201	0	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	432,461,987	399,631,917	243,201	0	0
7. TAX: (5.0%)	21,623,099				
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.	0				
9. BALANCE (LN 7 - 8)	21,623,099				
10. NONREFUNDABLE CREDITS FROM LINE 3, SCH. C	523,935				
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)	21,099,164				
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL	0				
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)	21,099,164				
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0	0	0
(B) PAID BY DECLARATION	24,032,368	24,032,368	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)	24,032,368				
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)	(2,933,204)				
17. TOTAL INTEREST AND PENALTY DUE	0				
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16+17)	0				

AS ORIGINALLY FILED

5269

DES00011628

09/11/2000 - 12:24:39 PM
SC CONS W/DUKE POWER
YEART 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 2

CRESCENT A&S	DEAS RESOURCES	DUKE E&S	DUKEMET	DUKE MERCELAND
57-0143382	56-1953976	56-6077038	56-1879792	56-1976367

SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

PART I - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	55,215,156	180,011	(2,282,796)	1,644,613	0
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	32,595,919	0	(322,892)	1435,008	0
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	87,811,075	180,011	(2,605,688)	1,209,605	0
4. IF MULTI-STATE CORP. ENTER AMT FROM LN 6 SCH G	32,481,347	15,524	(114,030)	422,432	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	32,481,347	15,524	(114,030)	422,432	0
7. TAX: (5.0%)					
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.					
9. BALANCE (LN 7 - 8)					
10. NONREFUNDABLE CREDITS FROM LINE 3, SCH. C					
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)					
12. INTEREST ON DISC-DEFERRED TAX LIAB. OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL					
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)					
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)					
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)					
17. TOTAL INTEREST AND PENALTY DUE					
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16+17)					

AS ORIGINALLY FILED

5270

DES00011629

09/11/2000 - 12:24:39 PM

SC CONS. W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 3

DUKE WATER	M-F SUPPLY	TECHNOL	INTERA	DCONSAVING
56-1976539	56-0322840	56-1544719	56-1934649	56-2117886

SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

PART I - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	0	391,671	(777,797)	(8,835)	(2,264,493)
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	0	59,454	(28,281)	0	(96,983)
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	0	451,125	(806,078)	(8,835)	(2,361,476)
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH G	0	0	(95,763)	0	(2,805)
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	0	0	(95,763)	0	(2,805)
7. TAX: (5.0%)					
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.					
9. BALANCE (LN 7 - 8)					
10. NONREFUNDABLE CREDITS FROM LINE 3, SCH. C					
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)					
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL					
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)					
14. PAYMENTS: (A) TAX WITHHELD (4-2)	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)					
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)					
17. TOTAL INTEREST AND PENALTY DUE					
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16-17)					

AS ORIGINALLY FILED

5271

DES00011630

09/11/2000 - 12:24:39 PM

SC CONS N/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 1

DUKE PROJ SERV	DUKESOLUTIONS	DETHI MGT, INC	WATERALL POWER	GREEDYVILLE
55-0858136	56-0901643	84-1274542	56-0751405	56-0892774

SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

PART 1 - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	6,243,072	(34,939,940)	7,262,850	0	0
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	0	(3,162,833)	221,400	0	0
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	6,243,072	(38,102,773)	7,484,250	0	0
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH G	2,229	(124,101)	2,036	0	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	2,229	(124,101)	2,036	0	0
7. TAX: (5.0%)					
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.					
9. BALANCE (LN 7 - 8)					
10. NONREFUNDABLE CREDITS FROM LINE 3, SCH. C					
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)					
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL					
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)					
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)					
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)					
17. TOTAL INTEREST AND PENALTY DUE					
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16-17)					

AS ORIGINALLY FILED

5272

DES00011631

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 5

SOUTHERN POWER	CRESCENT LIT	DSLLC	WEST CAR POWER	SUGAR PROPERTY
56-0891783	56-1799013	56-2096114	56-0891269	58-2702808

SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

PART I - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	0	0	0	0	17,670,122
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	0	0	0	0	2,840,301
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	0	0	0	0	20,510,423
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH G	0	0	0	0	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	0	0	0	0	0
7. TAX: (5.08)					
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REG.					
9. BALANCE (LN 7 - 8)					
10. NONREFUNDABLE CREDITS FROM LINE 3, SCH. C					
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)					
12. INTEREST ON DISC-DEFERRED TAX LIAB. OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL					
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)					
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)					
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)					
17. TOTAL INTEREST AND PENALTY DUE					
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16+17)					

AS ORIGINALLY FILED

5273

DES00011632

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 14 of Set 1

SC CONS W/DUKE POWER
Year: 1999

	DUKE ENERGY 56-2205520	CLT DEVELOP 56-11293851	CAROLINA CTRS 56-1124722	CRES COM SC 56-2030205
19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS:	2,933,204			
* OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS	2,621,048			
(A) ESTIMATED TAX	2,621,048			
(B) LICENSE FEE	312,156			
(C) REFUNDED	0			
PART II COMPUTATION OF LICENSE FEE				
20. TOTAL CAPITAL AND PAID IN SURPLUS	1,477,493,262	1,428,966,475	2,423,760	0
21. FEE DUE - LINE 20 X 8.001 + \$15.00 (\$25 MIN)	6,132,156	6,083,122	2,439	25
22. LESS APPLICATION OF CORP. NO CREDIT	0	0	0	0
23. BALANCE (LN 21 - 22)	6,132,156			
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	5,820,000	5,820,000	0	0
(B) CREDIT FROM LINE 19(B)	312,156	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	6,132,156			
26. BALANCE OF FEE DUE (LN 23 - 25)	0			
27. (A) INTEREST DUE	0			
(B) PENALTY DUE	0			
TOTAL INTEREST AND PENALTY	0			
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)	0			
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:	0			
(A) ESTIMATED TAX	0			
(B) INCOME TAX	0			
(C) REFUNDED	0			
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE	0			

AS ORIGINALLY FILED

5274

DES00011633

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 14 of Set 2

SC CONS W/ DUKE POWER
Year: 1999

CRESIDENT RES 57-0443582	DE&S RESOURCES 56-1953976	DUKE E&S 56-6077038	DUKEMET 56-1879392	DUKE MERCHANT 56-1926367

19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS:
 - OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS
 (A) ESTIMATED TAX
 (B) LICENSE FEE
 (C) REFUNDED

PART II COMPUTATION OF LICENSE FEE

20. TOTAL CAPITAL AND PAID IN SURPLUS	6,774,614	0	4,636,552	33,931,282	0
21. FEE DUE - LINE 20 X 5.001 + \$15.00 (\$25 MIN)	6,790	25	4,652	33,946	25
22. LESS APPLICATION OF COMP. HQ CREDIT	0	0	0	0	0
23. BALANCE (LN 21 - 22)					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)					
26. BALANCE OF FEE DUE (LN 23 - 25)					
27. (A) INTEREST DUE					
(B) PENALTY DUE					
TOTAL INTEREST AND PENALTY					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)					
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:					
(A) ESTIMATED TAX					
(B) INCOME TAX					
(C) REFUNDED					
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE					

AS ORIGINALLY FILED

5275

DES00011634

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 14 of Sec 3

DUKE WATER	M-P SUPPLY	TECHTROL	INTERA	DOCKSERVINC
56-1976539	56-0322840	56-1544719	56-1934649	56-2117996

19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS:
* OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS
(A) ESTIMATED TAX
(B) LICENSE FEE
(C) REFUNDED

PART II COMPUTATION OF LICENSE FEE

10. TOTAL CAPITAL AND PAID IN SURPLUS	0	0	206,427	0	1,862
21. FEE DUE - LINE 20 X \$.001 = \$15.00 (\$25 MIN)	25	25	221	25	25
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0
23. BALANCE (LN 21 - 22)					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN (B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	0	0	0	0	0
26. BALANCE OF FEE DUE (LN 23 - 25)					
27. (A) INTEREST DUE (B) PENALTY DUE TOTAL INTEREST AND PENALTY					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)					
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS: (A) ESTIMATED TAX (B) INCOME TAX (C) REFUNDED					
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE					

AS ORIGINALLY FILED

5276

DES00011635

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 14 of Set 4

SC CONS W/DURGE POWER
Year: 1999

DUKE PROJ SERV	DUKESOLUTIONS	DETHI MGT, INC	WATEREE POWER	GREENVILLE
56-0858436	56-0904643	84-1274842	56-0751405	56-0891274

19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS:
 * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS
 (A) ESTIMATED TAX
 (B) LICENSE FEE
 (C) REFUNDED

PART II COMPUTATION OF LICENSE FEE

20. TOTAL CAPITAL AND PAID IN SURPLUS	3,804	545,685	2,802	0	0
21. FEE DUE - LINE 20 X \$.001 + \$15.00 (\$25 MIN)	25	561	25	25	25
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0
23. BALANCE (LN 21 - 22)					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)					
26. BALANCE OF FEE DUE (LN 23 - 25)					
27. (A) INTEREST DUE					
(B) PENALTY DUE					
TOTAL INTEREST AND PENALTY					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)					
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:					
(A) ESTIMATED TAX					
(B) INCOME TAX					
(C) REFUNDED					
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE					

AS ORIGINALLY FILED

5277

DES00011636

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 14 of Set 5

SC CONS W/DUKE POWER
Year: 1999

	SOUTHERN POWER 56-0891283	CRESCENT L&T 56-1799013	DSLIC 56-2096114	WEST CAR POWER 56-0891269	SUGAR PROPERTY 58-2207808
19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS: * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS					
(A) ESTIMATED TAX					
(B) LICENSE FEE					
(C) REFUNDED					
PART II COMPUTATION OF LICENSE FEE					
20. TOTAL CAPITAL AND PAID IN SURPLUS	0	0	0	0	0
21. FEE DUE - LINE 20 X 6.001 + \$15.00 (\$25 MIN)	25	25	25	25	25
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0
23. BALANCE (LN 21 - 22)					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)					
26. BALANCE OF FEE DUE (LN 23 - 25)					
27. (A) INTEREST DUE					
(B) PENALTY DUE					
TOTAL INTEREST AND PENALTY					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)					
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:					
(A) ESTIMATED TAX					
(B) INCOME TAX					
(C) REFUNDED					
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE					

AS ORIGINALLY FILED

5278

DES00011637

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 15 of Set 1

	DUKE ENERGY 56-0205520	CLT DEVELOP 56-1323851	CAROLINA CTRS 56-1124729	CRES CON SC 56-2030705
***** *SCHEDULE A/S ADD & DEDUCT TO FED WEI INCOME* *****				
1. TAXES ON OR MEASURED BY INCOME	100,588,052	96,472,355	112,816	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0
4. OTHER ADDITION #2	469,416	469,416	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	27,658,196	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	128,725,664	96,941,771	112,816	0
7. INTEREST ON U.S. OBLIGATIONS	41,495	41,495	8	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	9,301,834	9,301,834	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	9,343,329	9,343,329	0	0
12. NET ADJUSTMENTS (LN 6 - 11. TO PART I LN 2)	119,382,335	87,598,442	112,816	0

***** *SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE I)* *****				
1. TOTAL CREDITS (FROM SCHEDULE I)	523,935	300,000	0	0
2. TAX (LN 9, PART 1, SC1120)	21,423,099	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP NET)	523,935	0	0	0
4. CREDIT CARRYOVER (LN 1 LESS LN 3)	0	0	0	0

***** *SCHEDULE E - COMPUTATION OF LICENSE FEE* *****				
1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	5,431,549,771	4,901,660,824	36,879,542	0
2. S.C. PROPORTION (LN 1 X APPROP RAT H-1.2 OR J)	1,477,493,262	1,428,966,475	2,423,760	0

AS ORIGINALLY FILED

5279

DES00011638

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 15 of Set 2

	CRESCENT RES 57-0443582	DEAS RESOURCES 56-1953976	DUKE E&S 56-6027038	DUKEKEY 56-1179392	DUKE MERCHANT 56-1326267
***** *SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME* *****					
1. TAXES ON OR MEASURED BY INCOME	4,949,663	0	(322,892)	(456,948)	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	27,646,256	0	0	21,940	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	32,595,919	0	(322,892)	(435,008)	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11. TO PART I LN 2)	32,595,919	0	(322,892)	(435,008)	0

***** *SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE 1)* *****					
1. TOTAL CREDITS (FROM SCHEDULE 1)	172,783	0	0	51,152	0
2. TAX (LN 9, PART 1, SC1120)	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP RET)	0	0	0	0	0
4. CREDIT CARRYOVER (LN 1 LESS LN 3)	0	0	0	0	0

***** *SCHEDULE E - COMPUTATION OF LICENSE FEE* *****					
1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	74,060,541	0	105,949,279	97,143,862	0
2. S.C. PROPORTION (LN 1 X APPROP RAY H-1,2 OR 3)	6,774,614	0	4,636,552	33,931,282	0

AS ORIGINALLY FILED

5280

DES00011639

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 15 of Set 3

SC CONS W/DUKE POWER
Year: 1999

DUKE WATER 56-1976572	H-P SUPPLY 56-0322840	TECHTROL 56-1544719	INTERA 56-1934649	DCOMSAVING 56-2117886

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	0	59,454	(28,281)	0	(96,983)
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	0	59,454	(28,281)	0	(96,983)
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	0	59,454	(28,281)	0	(96,983)

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE I)

1. TOTAL CREDITS (FROM SCHEDULE I)	0	0	0	0	0
2. TAX (LN 9, PART I, SC1120)	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP RET)	0	0	0	0	0
4. CREDIT CARRYOVER (LN 1 LESS LN 3)	0	0	0	0	0

SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	0	1,000,000	1,737,588	22,890,000	1,567,640
2. S.C. PROPORTION (LN 1 X APPROP RAT H-1,2 OR 3)	0	0	206,427	0	1,862

AS ORIGINALLY FILED

5281

DES00011640

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 15 of Set 4

SC CONS W/DUKE POWER
Year: 1999

DUKE PROJ SERV	DUKE SOLUTIONS	DETHI MGT, INC	WATEREE POWER	GREENVILLE
56-0858436	56-0904643	84-1274542	56-0751405	56-0891274

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	0	(3,162,833)	221,400	0	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	0	(3,162,833)	221,400	0	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	0	(3,162,833)	221,400	0	0

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE I)

1. TOTAL CREDITS (FROM SCHEDULE I)	0	0	0	0	0
2. TAX (LN 9, PART I, SCH 120)	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP RET)	0	0	0	0	0
4. CREDIT CARRYOVER (LN 1 LESS LN 3)	0	0	0	0	0

SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	10,656,851	167,542,352	10,297,728	0	0
2. S.C. PROPORTION (LN 1 X APPROP RAT H-1.2 OR 3)	3,804	545,685	2,801	0	0

AS ORIGINALLY FILED

5282

DES00011641

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 5

SC CONS W/DUKE POWER
Year: 1999

SOUTHERN POWER 56-0891283	CRESCENT LIT 56-1799013	DSLLC 56-2096114	WEST CAR POWER 56-0891269	SUGAR PROPERTY 58-2702808

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	0	0	0	0	2,840,301
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION 12	0	0	0	0	0
5. OTHER ADDITION 13 (ATTACH SCHEDULE)	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	0	0	0	0	2,840,301
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	0	0	0	0	2,840,301

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE 1)

1. TOTAL CREDITS (FROM SCHEDULE 1)	0	0	0	0	0
2. TAX (LN 9, PART I, SC1120)	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP RET)	0	0	0	0	0
4. CREDIT CARRYOVER (LN 1 LESS LN 3)	0	0	0	0	0

SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	0	0	0	0	163,564
2. S.C. PROPORTION (LN 1 X APPROP RAT E-1.2 OR 3)	0	0	0	0	0

AS ORIGINALLY FILED

5283

DES00011642

09/11/2000 - 17:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 16 of Set 1

SC CONS W/DUKE POWER
Year: 1999

	DUKE ENERGY 36-0205570	CLT DEVELOP 36-1393851	CAROLINA CTAS 56-1174729	CRES COM SC 56-2030305
***** *SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS* *****				
1. TOTAL NET INC AS RECON (LN 3 PART I)	1,470,129,551	1,386,424,329	3,700,511	0
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	119,021,559	19,957,847	0	0
3. TOTAL NET INC SUB TO APPORT (LN 1 - 2)	1,351,107,992	1,366,466,482	3,700,511	0
4. APPORTIONABLE TO SC BY APPORT. RATIO H-1,2 OR 3	397,681,331	398,361,932	243,201	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	34,780,656	1,269,985	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 4)	432,461,987	399,631,917	243,201	0

AS ORIGINALLY FILED

5284

DES00011643

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 16 of Sec 2

SC CONS W/DUKE POWER
Year: 1999

	CRESCENT RES 57-0443582	DEAS RESOURCES 56-1953976	DUKE E&S 56-6077038	DUKE NET 56-1879392	DUKE MERCHANT 56-1926367
***** *SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS* *****					
1. TOTAL NET INC AS RECON (LN 3 PART I)	87,811,075	180,811	(2,605,688)	1,209,405	0
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	99,063,712	0	0	0	0
3. TOTAL NET INC SUB TO APPORT (LN 1 - 2)	(11,252,637)	180,811	(2,605,688)	1,209,405	0
4. APPOINTIONABLE TO SC BY APPORT. RATIO H-1,2 OR 3	(1,029,324)	15,524	(114,030)	422,432	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	33,510,671	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 4)	<u>32,481,347</u>	<u>15,524</u>	<u>(114,030)</u>	<u>422,432</u>	<u>0</u>

AS ORIGINALLY FILED

5285

DES00011644

09/11/2008 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1129

Page 16 of Set 3

DUKE WATER 56-1976539	M-P SUPPLY 56-0322840	TECHTROL 56-1544719	INTERA 56-1974649	DCOMERVINC 56-2117886

SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS

1. TOTAL NET INC AS RECON (LN 3 PART 1)	0	451,125	(806,078)	(8,835)	(2,361,476)
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	0	0	0	0
3. TOTAL NET INC SUB TO APPORT (LN 1 - 2)	0	451,125	(806,078)	(8,835)	(2,361,476)
4. APPORTIONABLE TO SC BY APPORT. RATIO H-1,2 OR 3	0	0	(95,763)	0	(2,805)
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 4)	0	0	(95,763)	0	(2,805)

AS ORIGINALLY FILED

5286

DES00011645

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 16 of Set 4

SC CONS W/DUKE POWER
Year: 1999

DUKE PROJ SERV 56-0858436	DUKESOLUTIONS 56-0904643	DETHI MGT, INC 84-1274547	WATEREE POWER 56-0751405	GREENVILLE 56-0891274

"SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS"

1. TOTAL NET INC AS RECON (LN 3 PART I)	6,243,072	(38,102,773)	7,484,250	0	0
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	0	0	0	0
3. TOTAL NET INC SUB TO APPOINT (LN 1 - 2)	6,243,072	(38,102,773)	7,484,250	0	0
4. APPOINTABLE TO SC BY APPOINT. RATIO H-1,2 OR 3	2,229	(124,101)	2,036	0	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 4)	2,229	(124,101)	2,036	0	0

AS ORIGINALLY FILED

5287

DES00011646

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 16 of Set 5

SOUTHERN POWER 56-0191283	CRESCENT LIT 56-1799013	DSLLC 56-2096114	WEST CAR POWER 56-0891269	SUGAR PROPERTY 58-2207808

"SCH 6 - TAXABLE INCOME FOR MULTISTATE OPERATIONS"

1. TOTAL NET INC AS RECON (LN 3 PART 1)	0	0	0	0	28,510,423
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	0	0	0	0
3. TOTAL NET INC SUB TO APPOINT (LN 1 - 2)	0	0	0	0	28,510,423
4. APPOINTIONABLE TO SC BY APPOINT. RATIO H-1,2 OR 3	0	0	0	0	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 1)	0	0	0	0	0

AS ORIGINALLY FILED

5288

DES00011647

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 17 of Set 1

SC CONS W/DUKE POWER
Year: 1999

	DUKE ENERGY 56-0205520	CLT DEVELOP 56-1393851	CAROLINA CTRS 56-1124729	CAES COM SC 56-2030305
***** *SCHEDULE 1 - NON-REFUNDABLE TAX CREDITS* *****				
1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0
2. ADD (A) Drip/Trickle Irrigation System (TC-1)	0	0	0	0
(B) Minority Business (TC-2)	0	0	0	0
(C) Water Resources (TC-3)	0	0	0	0
(D) S. C. New Jobs Credit (TC-4)	0	0	0	0
(E) Scenic Rivers (TC-5)	0	0	0	0
(F) Infrastructure Constr/Improvement (TC-6)	472,783	300,000	0	0
(G) Palmetto Seed Capital (TC-7)	0	0	0	0
(H) Corp HQ Income Tax Application (TC-8)	0	0	0	0
(I) Child Care Program (TC-9)	0	0	0	0
(J) B/CLOSE FED FAC EMP HIRING CR (TC-10)	0	0	0	0
(K) Econ. Impact Zone Property Inv. Credit	51,152	0	0	0
(L) CR. FOR HIRING AFDC RECIPIENTS (TC-12)	0	0	0	0
(M) Additional ADPC Credit (TC-12-A)	0	0	0	0
(N) Motion Picture Proj/Prod Facility (TC-13)	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH C LN 1)	523,935	300,000	0	0

AS ORIGINALLY FILED

5289

DES00011648

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 17 of Set 2

CRESCENT RES	DELS RESOURCES	DUKE E&S	DUKENEY	DUKE MENCHAND
57-0443582	56-1953976	56-6027038	56-1879392	56-1926367

SCHEDULE I - NON-REFUNDABLE TAX CREDITS

1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0	0
2. ADD (A) DRIP/TRICKLE IRRIGATION SYSTEM (TC-1)	0	0	0	0	0
(B) MINORITY BUSINESS (TC-2)	0	0	0	0	0
(C) WATER RESOURCES (TC-3)	0	0	0	0	0
(D) S. C. NEW JOBS CREDIT (TC-4)	0	0	0	0	0
(E) SCENIC RIVERS (TC-5)	0	0	0	0	0
(F) INFRASTRUCTURE CONSTR/IMPROVEMENT (TC-6)	172,783	0	0	0	0
(G) PALMETTO SEED CAPITAL (TC-7)	0	0	0	0	0
(H) CORP RO INCOME TAX APPLICATION (TC-8)	0	0	0	0	0
(I) CHILD CARE PROGRAM (TC-9)	0	0	0	0	0
(J) B/CLOSE TED FAC EMP HIRING CR (TC-10)	0	0	0	0	0
(K) ECON. IMPACT ZONE PROPERTY INV. CREDIT	0	0	0	51,152	0
(L) CR. FOR HIRING AFDC RECIPIENTS (TC-12)	0	0	0	0	0
(M) ADDITIONAL ADPC CREDIT (TC-12-A)	0	0	0	0	0
(N) MOTION PICTURE PROJ/PROD FACILITY (TC-13)	0	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH C LN 1)	172,783	0	0	51,152	0

AS ORIGINALLY FILED

5290

DES00011649

09/11/2000 - 12:24:39 PM

1999 CONSOL. SO. CAROLINA FORM 1120

Page 17 of Set 3

SC CONS W/DUKE POWER
Year: 1999

DUKE WATER	M-P SUPPLY	TECHTROL	INTERA	DCOMSRVINC
56-1974539	56-0322848	56-1544719	56-1934649	56-2117886

SCHEDULE 1 - NON-REFUNDABLE TAX CREDITS

1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0	0
2. ADD (A) DRIP/TRICKLE IRRIGATION SYSTEM (TC-1)	0	0	0	0	0
(B) MINORITY BUSINESS (TC-2)	0	0	0	0	0
(C) WATER RESOURCES (TC-3)	0	0	0	0	0
(D) S. C. NEW JOBS CREDIT (TC-4)	0	0	0	0	0
(E) SCENIC RIVERS (TC-5)	0	0	0	0	0
(F) INFRASTRUCTURE CONSTR/IMPROVEMENT (TC-6)	0	0	0	0	0
(G) PALMETTO SEED CAPITAL (TC-7)	0	0	0	0	0
(H) CORP HQ INCOME TAX APPLICATION (TC-8)	0	0	0	0	0
(I) CHILD CARE PROGRAM (TC-9)	0	0	0	0	0
(J) S/CLOSE FED PAC EMP HIRING CR (TC-10)	0	0	0	0	0
(K) ECON. IMPACT ZONE PROPERTY INV. CREDIT	0	0	0	0	0
(L) CR. FOR HIRING AFDC RECIPIENTS (TC-12)	0	0	0	0	0
(M) ADDITIONAL ADTC CREDIT (TC-12-A)	0	0	0	0	0
(N) MOTION PICTURE PROJ/PROD FACILITY (TC-13)	0	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH C LN 1)	0	0	0	0	0

AS ORIGINALLY FILED

5291

DES00011650

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 17 of Set 4

DUKE PROJ SERV 56-0858436	DUKESOLUTIONS 56-0904643	DETHI MGT, INC 84-1274542	WATEREE POWER 56-0751405	GREENVILLE 56-0891274

SCHEDULE I - NON-REFUNDABLE TAX CREDITS

1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0	0
2. ADD (A) DRIP/TRICKLE IRRIGATION SYSTEM(TC-1)	0	0	0	0	0
(B) MINORITY BUSINESS (TC-2)	0	0	0	0	0
(C) WATER RESOURCES (TC-3)	0	0	0	0	0
(D) S. C. NEW JOBS CREDIT (TC-4)	0	0	0	0	0
(E) SCENIC RIVERS (TC-5)	0	0	0	0	0
(F) INFRASTRUCTURE CONSTN/IMPROVEMENT(TC-6)	0	0	0	0	0
(G) FALSETTO SEED CAPITAL (TC-7)	0	0	0	0	0
(H) CORP HQ INCOME TAX APPLICATION (TC-8)	0	0	0	0	0
(I) CHILD CARE PROGRAM (TC-9)	0	0	0	0	0
(J) B/CLOSE FED FAC EMP HIRING CR (TC-10)	0	0	0	0	0
(K) ECON. IMPACT ZONE PROPERTY INV. CREDIT	0	0	0	0	0
(L) CR. FOR HIRING AFDC RECIPIENTS (TC-12)	0	0	0	0	0
(M) ADDITIONAL AFDC CREDIT (TC-12-A)	0	0	0	0	0
(N) MOTION PICTURE PROJ/PROD FACILITY(TC-13)	0	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH C LN 1)	0	0	0	0	0

AS ORIGINALLY FILED

5292

DES00011651

09/11/2000 - 12:24:39 PM

SC CONS W/DUKE POWER
Year: 1999

1999 CONSOL. SO. CAROLINA FORM 1120

Page 17 of Set 5

SOUTHERN POWER	CRESCENT L&T	DSLLC	WEST CAR POWER	SUGAR PROPERTY
56-0891283	56-1799013	56-2096114	56-0891269	58-2702808

SCHEDULE I - NON-REFUNDABLE TAX CREDITS

1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0	0
2. ADD (A) DRIP/TRICKLE IRRIGATION SYSTEM(TC-1)	0	0	0	0	0
(B) MINORITY BUSINESS (TC-2)	0	0	0	0	0
(C) WATER RESOURCES (TC-3)	0	0	0	0	0
(D) S. C. NEW JOBS CREDIT (TC-4)	0	0	0	0	0
(E) SCENIC RIVERS (TC-5)	0	0	0	0	0
(F) INFRASTRUCTURE CONSTR/IMPROVEMENT(TC-6)	0	0	0	0	0
(G) PALMETTO SEED CAPITAL (TC-7)	0	0	0	0	0
(H) CORP HQ INCOME TAX APPLICATION (TC-8)	0	0	0	0	0
(I) CHILD CARE PROGRAM (TC-9)	0	0	0	0	0
(J) B/CLOSE TED FAC EMP HIRING CR (TC-10)	0	0	0	0	0
(K) ECON. IMPACT ZONE PROPERTY INV. CREDIT	0	0	0	0	0
(L) CR. FOR HIRING AFDC RECIPIENTS (TC-12)	0	0	0	0	0
(M) ADDITIONAL AFDC CREDIT (TC-12-A)	0	0	0	0	0
(N) MOTION PICTURE PROJ/PROD FACILITY(TC-13)	0	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH C LN 1)	0	0	0	0	0

AS ORIGINALLY FILED

5293

DES00011652

DUKE ENERGY CORPORATION
Statement Attached To
South Carolina State Income Tax Return
For Year Ending December 31, 1999

Schedule D - Item 12

Authorized Shares:

	<u>Number</u>	<u>Class</u>
Preferred Stock	12,500,000	Preferred
Preferred Stock A	10,000,000	Preferred
Preference Stock	1,500,000	Preferred
	<u>24,000,000</u>	

Schedule D - Item 13 - Shares Outstanding

	<u>Number</u>	<u>Class</u>	<u>Series</u>
Preferred	800,000	Preferred	6.10%
Preferred	800,000	Preferred	6.20%
Preferred	130,000	Preferred	6.20%
Preferred	130,000	Preferred	6.30%
Preferred	130,000	Preferred	6.40%
Preferred	250,000	Preferred	6.75%
Preferred	175,000	Preferred	4.50%
Preferred	300,000	Preferred	7.85%
Preferred	249,989	Preferred	7.00%
Preferred	299,995	Preferred	7.04%
Preferred	1,257,185	Preferred	6.38%
Preferred	750,000	Preferred	Auction Series A
	<u>5,272,169</u>		

AS ORIGINALLY FILED

Duke Energy Corporation
Statements relating to entities included in
request for extension
1999

The following companies should not have been listed on the request for extension:

GT&W of Gastonia - short year return filed separately
Duke Energy Global Asset Development Inc. - does not conduct business in SC

AS ORIGINALLY FILED

form 2220

Duke Energy Corporation
Schedule of Annualized Income to Accompany Form SC Form 2220
1999

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
First quarter based on prior year tax				
Quarterly income of all SC entities after SC allocation percentages and annualization		260,412,285	316,885,356	475,626,143
Annualized SC Tax at 5%		13,020,614	15,844,268	23,781,307
Amounts due by Quarter:				
25% due by 1st quarter	3,255,154			
50% due by 2nd quarter		6,510,307		
75% due by 3rd quarter			11,883,201	
100% due by 4th quarter				23,781,307
Less: Amounts Previously Due:				
1st Quarter		3,255,154	3,255,154	3,255,154
2nd Quarter			6,510,307	6,510,307
3rd Quarter				11,883,201
4th Quarter				
Total Line 4 - Form SC2220	3,255,154	3,255,153	2,117,740	15,153,260

Sheet5

Duke Energy Corporation
Statements relating to Tax Credit Under
SC Code Section 12-6-3490
1999

Name of persons completing the projects are listed on the attached sheets.

Description of the projects - all for infrastructure - included on the attached sheets

The SC Code section under which each project qualifies is 12-6-3490(B)(1) and (2)

The amount of cash paid by Duke Energy for the projects is \$300,000

Expected completion date for the latest project under which this credit is claimed is 12-31-00

Taxpayer herein agrees to an extension of the statute of limitations for the Duke Energy
South Carolina income tax return (Form SC1120) for the year 1999 until December 31, 2003.

Page 1

AS ORIGINALLY FILED

5297

DES00011656

**Deloitte
& Touche**

TAXPAYER DUKE POWER COMPANY

INSTRUCTIONS FOR FILING

AMENDED CORPORATION TAX RETURN

STATE OF SOUTH CAROLINA

FOR THE YEAR ENDED

DECEMBER 31, 1995

To be signed and dated by	☐ Taxpayer ☐ Taxpayer and spouse. ☒ Officer ☐
Amount of Tax	Total Tax \$ Less: payments & credits \$ Balance due (overpayment) \$(6,344,512)
Overpayment	☒ Refunded to you \$6,344,512. ☐ Credited to your estimated tax \$ ☐ \$ refunded and \$ credited
Draw check to N/A	NOTE: Your social security number or employer identification number should be entered on your remittance.
Mail tax return and check (if applicable) to	SC DEPT. OF REVENUE COLUMBIA, SC 29214
Return must be mailed on or before	IMMEIDATELY Certified mail recommended, with return receipt. For metered mail, the meter date is not evidence of timely filing.
Special Instructions	

MISCSTATELTRS



STATE OF SOUTH CAROLINA
PUBLIC UTILITY TAX RETURN

Return is due on or before the 15th day of the 3rd month following the close of the taxable year.

Mail this return to:
DEPARTMENT OF REVENUE
Corporation Return
Columbia, SC 29214-0100

SC 1120U
(Rev 9/21/00) 3097

AS AMENDED

TAXPAYER ID INFORMATION

S.C. FILE # 20090024 - 9

RETURN FOR PERIOD ENDING DECEMBER 31, 1995

FED E.I.# 56-0205520

NAME DUKE POWER COMPANY

MAILING ADDRESS MAIL CODE PB05B

CITY CHARLOTTE STATE NC ZIP CODE 28242

Change of Address ☐

A COMPLETE COPY OF FEDERAL RETURN MUST BE ATTACHED TO THIS RETURN.

Check if ☐ Consolidated Return

If Final Return, Indicate Whether: Merged ☐

Reorganized ☐ Dissolved ☐ Withdrawn ☐

County or Counties in SC Where Property is Located:

VARIOUS

City Audit Location State

CHARLOTTE, NC

Telephone Number:

(704) 382-8175

14-0601

PLACE PEEL-OFF LABEL HERE

PART I
COMPUTATION OF INCOME TAX LIABILITY

1. Federal ordinary income (loss) per Federal Form 1120, 1120A or 1120S 1. 984,707,531
2. Net Adjustment from line 12, Schedule A and B 2. 72,570,495
3. Total Net Income as Reconciled (line 1 plus or minus line 2) 3. 1,057,278,026
4. If Multi-state Corporation, enter amount from line 5, Sch. G; otherwise, enter amount from line 3 4. 208,974,059
5. LESS: Distribution to shareholders of S corporation or less S.C. N.O.L. carryover, if applicable 5. < 0 >
6. South Carolina Net Income subject to tax (line 4 less line 5) 6. 208,974,059
7. TAX: Multiply amount on line 6 by .05 (5.0%) 7. 10,448,702
8. Non-Refundable credits from line 3, Schedule C 8.
9. Balance of tax (line 7 less line 8) Enter the difference but not less than zero 9. 10,448,702
10. Payments: (a) Tax Withheld (see instructions) (b) Paid by Declaration
- (c) Paid with Tentative Return (d) Credit from line 24b
- AS REPORTED
11. Total Payments (add lines 10a through 10d) 11. 16,793,214
12. Balance of Tax Due (line 9 less line 11) 12. (6,344,512)
13. Interest Due Penalty Due (See instructions for penalty and interest.) 13.
14. TOTAL INCOME TAX, Interest and Penalty Due (add lines 12 and 13) 14.
15. OVERPAYMENT (line 11 less line 9) To be applied as follows:
- (a) Estimated Tax (b) License Fee (c) Refunded 6,344,512

PART II
COMPUTATION OF LICENSE FEE

16. Total License Fee Due from Schedule K, line 9, on page 5 16.
17. Section 12-20-105 credit (see instructions) 17.
18. Total License Fee Due (subtract line 17 from line 16 but not less than zero) 18.
19. Payments: (a) Paid with Tentative Return (b) Credit from line 15b
20. Total Payments (add line 19(a) and (b)) 20.
21. Balance of Fee Due (line 18 less line 20) 21.
22. Interest Due Penalty Due (See instructions for penalty and interest.) 22.
23. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 21 and 22) 23.
24. OVERPAYMENT (line 20 less line 18) To be applied as follows:
- (a) Estimated Tax (b) Income Tax (c) Refunded
25. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 14 and 23) 25.

Make check payable to: South Carolina Department of Revenue.

Please Sign Here

I, the undersigned, a principal officer of the corporation for which this return is made, declare that this return including accompanying Annual Report, statements and schedules has been examined by me and is to the best of my knowledge and belief, a true and complete return.

Signature of officer [Signature] Date 12/11/2002 Title

I authorize the Director of the Department of Revenue or delegate to discuss this return, attachments and related tax matters with the preparer. Yes ☐ No ☐ Preparer's Printed Name

Paid Preparer's Use Only

Preparer's signature [Signature] Date 12/11/2002 Check if self-employed ☐ Preparer's telephone number 172-60-8283

Firm's name (or yours if self-employed) and address DELOITTE AND TOUCHE LLP E.I. No. 13-3891517
2500 ONE PPG PLACE, PITTSBURGH, PA ZIP Code 15222

SCHEDULE A AND B**ADDITIONS TO FEDERAL NET INCOME**

1. Taxes on or Measured By Income	1.	<u>75,316,966</u>	
2. Federal Net Operating Loss	2.		
3. INTEREST FROM STATE & LOCAL OBLIGATIONS	3.	<u>2,264,482</u>	
	4.		
4. Other Additions (attach schedule)	5.	<u>970,729</u>	
6. Total Additions (add lines 1 through 5)	6.		<u>78,552,177</u>

DEDUCTIONS FROM FEDERAL NET INCOME

7. Interest On Obligations Of The U.S.	7.	<u>232,091</u>	
8.	8.		
9. DEPRECIATION & AMORTIZATION	9.	<u>5,359,256</u>	
10. Other Deductions (attach schedule)	10.	<u>390,335</u>	
11. Total Deductions (add lines 7 through 10)	11.		<u>5,981,682</u>
12. Net Adjustment (line 6 less line 11) Also enter on line 2, Part I, SC1120U	12.		<u>72,570,495</u>

SCHEDULE C**NON-REFUNDABLE TAX CREDITS**

1. Total Credits (from Schedule I)	1.	
2. Tax (line 7, Part I, SC1120U)	2.	
3. Lesser of line 1 or 2 (enter on line 8, SC1120U)	3.	
4. Credit Carryover (line 1 less line 3)	4.	

SCHEDULE D**ANNUAL REPORT TO BE COMPLETED BY ALL CORPORATIONS**

1. Name of Corporation DUKE POWER COMPANY

2. Date of this report _____ Fed. E.I. No. 56-0205520

3. Incorporated under the Laws of the State of NORTH CAROLINA on 11/27/63

4. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 2/24/64

5. Location of the Registered Office of the Corporation in the State of South Carolina is 84 VILLA ROAD
In the City of GREENVILLE Registered Agent at such address is JOHN F. LOMAX

6. Was the name of the Corporation changed during the year? NO Give old name _____

7. Date commenced business in the State of South Carolina was _____
Location of principal executive office (street address) 84 VILLA ROAD; GREENVILLE, SOUTH CAROLINA
Nature of principal business in S.C. ELECTRIC UTILITY

9. The Corporation's books are in the care of CONTROLLER
Located at (street address) 422 SOUTH CHURCH STREET, CHARLOTTE, NC 28242

10. If filing consolidated, complete and attach Schedule J for each corporation listed in the consolidation.

11. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
<u>300,000,000</u>	<u>COMMON</u>	<u>NO PAR</u>

12. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES

13. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

SCHEDULES F, G, AND H ARE TO BE COMPLETED BY MULTI-STATE ORGANIZATIONS**SCHEDULE E****RESERVED****SCHEDULE F****INCOME SUBJECT TO DIRECT ALLOCATION**

	Gross Amounts 1	Less: Related Expenses 2	Net Amounts Allocated Direct to SC and Other States 3	Net Amounts Allocated Directly to SC 4	Payrolls to be Excluded from Payroll Factor 5	Property to be Excluded from Property Factor 6
1. Interest not connected with business	97,541		97,541			
2. Dividends received	409,788		409,788			
3. Rents						
4. Gains/losses on real property	(3,595,055)		(3,595,055)	(470,484)		
5. Gains/losses on intangible pers. prop.	279,374		279,374	1,157		
6. Investment income directly allocated						
7. TOTAL INCOME DIRECTLY ALLOCATED			(2,808,352)			
8. INCOME DIRECTLY ALLOCATED TO S.C.				(469,327)		
9. TOTALS TO APPORTIONMENT FACTORS						

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR ORGANIZATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Page 1	1.	1,057,278,026
2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7	2.	(2,808,352)
3. Total net income subject to apportionment (line 1 less line 2)	3.	1,060,086,378
4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2, or 3 and enter result here	4.	209,443,386
5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8	5.	(469,327)
6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Page 1	6.	208,974,059

SCHEDULE H-1**COMPUTATION OF THREE FACTOR APPORTIONMENT RATIO**

	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land				
Buildings				
2. Machinery and Equipment				
3. Inventories				
4. Other Property				
5. Exclusions	<	>	<	>
6. TOTAL (add lines 1 - 5; subtract line 6)				
	1. Within S.C.		2. Total Everywhere	3. Ratio
7. Avg. of Beginning and Ending Period (add line 7a and b and divide by 2)				
8. Rental or Lease Value				
9. TOTAL Property Add lines 8 and 9. (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
10. GROSS Payroll				
11. Less: Officers Compensation and Exclusions	<	>	<	>
12. TOTAL Payroll (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
13. TOTAL Sales (Col. 1 ÷ Col. 2 and enter ratio in Col. 3)				%
14. TOTAL Sales (same as line 14)				%
15. TOTAL of Ratios (add Column 3 - lines 10, 13, 14 and 15)				%
16. Arithmetical Average of Ratios				%

SCHEDULE H-2**COMPUTATION OF GROSS RECEIPTS RATIO**

	1. In S.C.	2. Total Everywhere	3. Ratio
1. Total Gross Receipts			
2. Less: Exclusion (see instructions)	<	>	
3. Gross Receipts (for ratio)	1,284,701,382	6,502,454,929	
4. Ratio of Gross Receipts (line 3, Col. 1 ÷ line 3, Col. 2)			19.7572 %

SCHEDULE H-3**COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS**

	Amount	Ratio
Total Within South Carolina		
2. Total for System		
3. Ratio (South Carolina ÷ Total System)		%

SCHEDULE I

NON-REFUNDABLE TAX CREDITS

1. Credit Carryover From Previous Year 1. _____
2. Add: A Drip/Trickle Irrigation System (TC-1) 2A _____
 B Minority Business (TC-2) B _____
 C Water Resources (TC-3) C _____
 D South Carolina New Jobs Credit (TC-4) D _____
 E Scenic Rivers (TC-5) E _____
 F Infrastructure Construction or Improvement (TC-6) F _____
 G Palmetto Seed Capital (TC-7) G _____
 H Corporate Headquarters Income Tax Application (TC-8) H _____
 I Child Care Program (TC-9) I _____
 J Base Closure/Federal Facility Employment Reduction-Hiring Credit (TC-10) .. J _____
 K Economic Impact Zone Property Investment Credit (TC-11) K _____
 L Credit for Hiring Recipients of Family Independence Payments (TC-12) L _____
 M Additional Family Independence Payments Credit (TC-12-A) M _____
 N Motion Picture Project/Production Facility Credit (TC-13) N _____
3. Total Credits (add lines 1 and 2A through N and enter on line 1, Schedule C) 3. _____

SCHEDULE J

CORPORATIONS INCLUDED IN CONSOLIDATED RETURN

AFFILIATED CORPORATION NO. 1

1. Name DUKE POWER COMPANY S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. _____
3. Address _____
4. Incorporated under the laws of the State of NORTH CAROLINA on 11/27/63
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
 In the City of GREENVILLE and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? NO Give old name _____
8. Date commenced business in the State of South Carolina was 2/24/64
- Location of principal office (street address) _____
- Nature of principal business in S.C. ELECTRIC UTILITY
10. The Corporation's books are in the care of CONTROLLER
 Located at 422 SOUTH CHURCH STREET, CHARLOTTE, NORTH CAROLINA 28242
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|--------|--------|
| 300,000,000 | NO PAR | COMMON |
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-------|--------|
|------------------|-------|--------|
14. The total amount of stated capital per balance sheet is:
- | | | |
|--|----|-------|
| Total paid in Capital Stock (cannot be a negative amount) | \$ | _____ |
| Total paid in Capital Surplus (cannot be a negative amount) | \$ | _____ |
| Total amount of Stated Capital (cannot be a negative amount) | \$ | _____ |
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
 (If additional space is necessary, attach separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

For additional affiliated corporations duplicate Schedule J as needed.

STF SC42731F.4

AMENDED

5302

DES00013561

1. Fair market value of Property Owned and Used in the Conduct of Business in South Carolina as determined by South Carolina Department of Revenue for Property Tax Purposes	1.		
Fee Due: Line 1 x .001	2.		
3. Operating Revenues, (Itemize):			
4. Total Operating Revenues	4.		
5. Other Receipts, (Itemize):	5.		
6. Total Other Receipts	6.		
7. Total Gross Receipts (Add Lines 4 and 6)	7.		
8. Fee Due (Line 7, Column B x .003)	8.		
9. Total License Fee Due (Add Lines 2 and 8) (Enter here and also on Line 16, Part II, Page 1)	9.		

Code Section 12-20-100 as amended for taxable years beginning after 1995.

(1) one dollar for each thousand dollars, or fraction of a thousand dollars, of fair market value of **property** owned and used within this state in the conduct of business as determined by the department for property tax purposes for the preceding taxable year; and (2) three dollars for each thousand dollars, or fraction of a thousand dollars, of **gross receipts** derived from services rendered from regulated business within this state during the preceding taxable year, except that with regard to electric cooperatives, only distribution electric cooperatives are subject to the gross receipts portion of the license fee under this subitem.

(B) The minimum license fee under this section is \$25.

NEW INFORMATION

1. South Carolina has updated income tax laws to conform with the Internal Revenue Code of 1986, as amended through December 31, 1999, including the effective dates.
2. The line 17 Section 12-20-105 credit is for amounts paid in cash to provide infrastructure for an eligible project. Effective June 11, 1999, the term "infrastructure" for an eligible project has been expanded to include industrial shell buildings and the purchase of land for an office, business or industrial park.
3. Effective June 30, 1999, notwithstanding the statute of limitations, the time allotted for requesting a corporate refund has been extended from thirty days to ninety days from the date the Internal Revenue Service changes the taxable income.
4. The signature section of the return contains a new area for the preparer's telephone number.

INSTRUCTIONS

Line 17 Instructions - If the company paid cash to provide infrastructure for an eligible project, enter the amount on line 17. Attach a schedule to the return setting forth the name of the person completing the project, a description of the project, under what section or sections of the statute the project qualifies, the amounts in cash that were paid for infrastructure and to whom and when paid, a description of the infrastructure, and the date the infrastructure was completed or is expected to be completed. If the infrastructure has not been completed as of the date the return is filed, the taxpayer must include a waiver of the statute of limitations. The maximum credit for a single tax year may not exceed \$300,000. If the credit exceeds tax liability, the excess may be carried forward and deducted in the succeeding tax year. For more information see SC Revenue Ruling #96-11.

Refer to SC1120 instructions if Public Utilities 'C' Corporation.

* Per to SC1120S instructions If Public Utilities 'S' Corporation.

AS AMENDEDSTATE OF SOUTH CAROLINA
PUBLIC UTILITY TAX RETURN**SC1120U**

(Rev. 10/94) 3097

Mail This Return To:
SC DEPARTMENT OF REVENUE
Corporation Return
Columbia, SC 29214-0100Return For
Period Ending 12/31/95-INCOME; 12/31/96-LICENSERETURN IS DUE ON OR BEFORE THE 15TH DAY OF THE 3RD
MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEARA COPY OF FEDERAL FORM 1120, 1120 A or
1120S AND SUPPORTING SCHEDULES
MUST BE ATTACHED AND MADE PART OF
THIS RETURNExtension Requested: Yes ☒ No ☐Type of SC Return: Separate ☒
Consolidated ☐If Final Return, Indicate Whether: Merged ☐Reorganized ☐ Dissolved ☐ Withdrawn ☐

County in SC Where Property is located:

VARIOUS

Did any of the corporations in this Return have any
property presumed abandoned under Chapter 18, Title 27
of the South Carolina Code of Laws, 1976?☒ yes ☐ noCity CHARLOTTE Audit Location State NCTelephone Number: (704) 382-8175

56-0205520

Employer Identification No.

4911

Business Code

20090024-9

File Number

PART I
COMPUTATION OF INCOME TAX LIABILITY
PART II
COMPUTATION OF LICENSE FEE

1. Federal ordinary income (loss) Per Federal Form 1120, 1120A or 1120S	1.	984,707,531
2. Net Adjustment from line 12, Schedule A and B	2.	72,570,495
3. Total Net Income As Reconciled (line 1 plus or minus line 2)	3.	1,057,278,026
4. If Multi-state Corporation, enter amount from line 6, Sch. G; otherwise, enter amount from line 3	4.	335,864,278
5. LESS: Distribution to shareholders of S corporation or less S.C.-N.O.L. carryover, if applicable	5.	< 0 >
6. South Carolina Net Income subject to tax (line 4 less line 5)	6.	335,864,278
7. TAX: Multiply amount on line 6 by .05 (5.0%)	7.	16,793,214
8. Non-Refundable credits from line 5, Schedule C	8.	536,073
9. Balance of tax (line 7 less line 8) enter the difference but not less than zero.	9.	16,257,141
10. Payments: (a) Tax Withheld (see instructions) (b) Paid by Declaration (c) Paid with Tentative Return (d) Credit from line 22b		
11. Total Payments (add lines 10a through 10d)	11.	16,793,214
12. Balance of Tax Due (line 9 less line 11)	12.	(536,073)
13. Interest Due Penalty Due (See instructions for penalty and interest.)	13.	0
14. TOTAL INCOME TAX, Interest and Penalty, Due (add lines 12 and 13)	14.	(536,073)
15. OVERPAYMENT (line 11 less line 9) To be applied as follows:		
(a) Estimated Tax (b) License Fee (c) Refunded		536,073
16. Total License Fee Due from Schedule J, line 9, on page 5	16.	5,787,839
17. Payments: (a) Paid with Tentative Return (b) Credit from line 15b		
18. Total Payments (add line 17 (a) and (b))	18.	6,192,592
19. Balance Of Fee Due (line 16 less line 18)	19.	(404,753)
20. Interest Due Penalty Due (See instructions for penalty and interest.)	20.	0
21. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 19 and 20)	21.	(404,753)
22. OVERPAYMENT (line 18 less line 16) To be applied as follows:		
(a) Estimated Tax (b) Income Tax (c) Refunded		404,753
23. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 14 and 21)	23.	(940,826)

Make checks payable to: South Carolina Department of Revenue.

Please Sign Here	I, the undersigned, a principal officer of the corporation for which this return is made, declare that this return including accompanying Annual Report, statements and schedules has been examined by me and is to the best of my knowledge and belief, a true and complete return.		
	Signature of officer	Date	Title
Paid Preparer's Use Only	Preparer's signature	Date	Check If self-employed ☐ Preparer's social security no.
	Firm's name (or yours if self-employed) and address	E.I. No. <u>13-3891517</u> Zip code <u>15222</u>	

Pittsburgh, PA 15222

AS ORIGINALLY FILED

SF 50113V 1

SCHEDULE A AND B

ADDITIONS TO FEDERAL NET INCOME

1. Taxes on or Measured By Income 1. 15,316,966
2. Federal Net Operating Loss 2. _____
3. INTEREST FROM STATE&LOCAL OBLIGATIONS 3. 2,264,482
4. _____ 4. _____
5. Other Additions (attach schedule) 5. 970,729
6. Total Additions (add lines 1 through 5) 6. 78,552,177

DEDUCTIONS FROM FEDERAL NET INCOME

7. Interest On Obligations Of The U.S. 7. 232,091
8. _____ 8. _____
9. DEPRECIATION & AMORTIZATION 9. 5,359,256
10. Other Deductions (attach schedule) 10. 390,335
11. Total Deductions (add lines 7 through 10) 11. 5,981,682
12. Net Adjustment (line 6 less line 11) Also enter on line 2, Part I, SC1120U. 12. 72,570,495

SCHEDULE C

NON-REFUNDABLE TAX CREDITS

1. Credit Carryover From Previous Year 1. 0
2. Add: (a) Drip/Trickle Irrigation System (TC-1) 2a. _____
(b) Minority Business (TC-2) b. _____
(c) Water Resources (TC-3) c. _____
(d) South Carolina New Jobs Credit (TC-4) d. 330,900
(e) Scenic Rivers (TC-5) e. _____
(f) Infrastructure Construction or Improvement (TC-6) f. _____
(g) Palmetto Seed Capital (TC-7) g. _____
(h) Corporate Headquarters Income Tax Application (TC-8) h. _____
(i) Child Care Program (TC-9) ECONOMIC IMPACT ZONE CREDIT i. 205,173
3. Total Credits (add lines 1 and 2(a) through (i)) 3. 536,073
4. Tax (line 7, Part I, SC1120U) 4. 16,793,214
5. Lesser of line 3 or 4 (enter on line 8, Part I, SC1120U) 5. 536,073
6. Credit Carryover (line 3 less line 5) 6. 0

SCHEDULE D

ANNUAL REPORT TO BE COMPLETED BY ALL CORPORATIONS

1. Name of Corporation DUKE POWER COMPANY
2. Date of this Report _____ Fed. E.I. No. 56-0205520
3. Incorporated under the Laws of the State of NC on 5/01/17
4. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 2/24/63
5. Location of the Registered Office of the Corporation in the State of South Carolina is 84 VILLA ROAD
in the City of GREENVILLE Registered Agent at such address is JOHN F. LOMAX
6. Was the name of the Corporation changed during the year? NO Give old name _____
7. Date commenced business in the State of South Carolina was 2/24/63
8. Location of principal executive office (street address) _____
Nature of principal business in S.C. ELECTRIC UTILITY
9. The Corporation's books are in the care of JEFFREY BOYER
Located at (street address) 422 SOUTH CHURCH STREET; CHARLOTTE, NC
10. If filing consolidated, complete and attach Schedule I for each corporation listed on the consolidation.
11. If a professional corporation are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional services engaged in by the corporation? _____
12. The total number of authorized shares of capital stock itemized by class and series, if any, within each class is as follows:

Number of Shares	Class	Series
<u>300,000,000</u>	<u>COMMON</u>	<u>NO PAR</u>

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

Number of Shares	Class	Series
<u>204,859,339</u>	<u>COMMON</u>	<u>NO PAR</u>

14. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:

(If additional space is necessary, attach a separate schedule.)

NAME

BUSINESS ADDRESS AND OFFICE

SCHEDULES F, G, AND H ARE TO BE COMPLETED BY MULTI-STATE CORPORATIONS

Page 3

SCHEDULE E

RESERVED

SCHEDULE F

INCOME SUBJECT TO DIRECT ALLOCATION

	Gross Amounts 1	Less: Related Expenses 2	Net Amounts Allocated Direct to S.C. and Other States 3	Net Amounts Allocated Directly to S.C. 4	Payrolls to be Excluded from Payroll Factor 5	Property to Be Excluded from Property Factor 6
1. Interest not connected with business						
2. Dividends received						
3. Rents						
4. Gains/losses on real property						
5. Gains/losses on intangible pers. prop.						
6. Investment income directly allocated						
7. TOTAL INCOME DIRECTLY ALLOCATED						
8. INCOME DIRECTLY ALLOCATED TO S.C.						
9. TOTALS TO APPORTIONMENT FACTORS						

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR CORPORATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Part I	1.
2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7	2.
3. Total net income subject to apportionment (line 1 less line 2)	3.
4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2 or 3 and enter result here	4.
5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8	5.
6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Part I	6.

SCHEDULE H - 1 COMPUTATION OF THREE FACTOR APPORTIONMENT RATIO

	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land				
2. Buildings				
3. Machinery and Equipment				
4. Inventories				
5. Other Property				
6. Exclusions	<	>	<	>
7. TOTAL (add lines 1 - 5; subtract line 6)				
	1. Within S.C.		2. Total Everywhere	3. Ratio
8. Avg. of Beginning and Ending Period (add line 7a and b and divide by 2)				
9. Rental or Lease Value				
10. TOTAL Property (add lines 8 and 9. (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
11. GROSS Payroll				
12. Less: Officers Compensation and Exclusions	<	>	<	>
13. TOTAL Payroll (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
14. TOTAL Sales (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
15. TOTAL of Three Ratios (add Column 3 - lines 10, 13 and 14)				%
16. Arithmetical Average of Three Ratios				%

SCHEDULE H - 2 COMPUTATION OF GROSS RECEIPTS RATIO

	1. In South Carolina	2. Total Everywhere	3. Ratio
1. Total Gross Receipts			
2. Less: Exclusion	<	>	
3. Gross Receipts (for ratio)			
4. Ratio of Gross Receipts (line 3, Col. 1 + line 3, Col. 2)			%

SCHEDULE H - 3 COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS

	Amount	Ratio
1. Total Within South Carolina		
2. Total for System		
3. Ratio (South Carolina ÷ Total System)		%

SAME AS ORIGINALLY FILED RETURN

AS ORIGINALLY FILED

SP SC-273 (F) 3

5306

DES00013565

SCHEDULE J COMPUTATION OF LICENSE FEE — UTILITIES AND ELECTRIC COOPERATIVES

1. Fair Market Value of Property Owned and Used in the Conduct of Business in South Carolina as determined by South Carolina Department of Revenue and Taxation for Property Tax Purposes	1.	2,381,163,809
2. Fee Due: Line 1 x .001	2.	2,381,164
	Total System (A)	Intrastate South Carolina (B)
3. Operating Revenues, (Itemize):		
	\$ 4,431,597,935	\$1,135,558,311
4. Total Operating Revenues	4. \$ 4,431,597,935	\$1,135,558,311
5. Other Receipts, (Itemize):	5.	
6. Total Other Receipts	6. \$	\$
7. Total Gross Receipts (Add Lines 4 and 6)	7.	1,135,558,311
8. Fee Due (Line 7, Column B x .003)	8.	\$ 3,406,675
9. Total License Fee Due (Add Lines 2 and 8) (Enter here and also on Line 16 Part II, Page 1)	9.	\$ 5,787,839

South Carolina Code Section 12-19-100 (As amended for license tax years beginning after May 10, 1994.)

In lieu of the license fee imposed by Section 12-19-70, there is levied, in addition to any other license taxes and fees or taxes of whatever kind, a license fee of one mill upon each dollar of the fair market value of property, as determined by the South Carolina Department of Revenue for property tax purposes for the preceding accounting period, owned and used within South Carolina in the conduct of business of every express company, street railway company, navigation company, waterworks company, power company, electric cooperative, light company, gas company, telegraph company, and telephone company. The license fee provided for in this section shall be paid at the time of the filing of the reports required by this chapter.

South Carolina Code Section 12-19-110 (As amended for license tax years beginning after May 10, 1994.)

In addition to the license fee provided by Section 12-19-100 and any and all other license taxes and fees or taxes of whatever kind, there is levied an annual license fee of three mills upon the gross receipts derived from services rendered from regulated business within this State during the calendar year next preceding by every express company, street railway company, navigation company, waterworks company, power company, distribution electric cooperative, light company, gas company, telegraph company, and telephone company. However, where a consolidated return pursuant to Section 12-7-1570 is filed, the phrase 'the gross receipts derived from services rendered from regulated business' does not include gross receipts arising from any transactions between any of the separate members of the consolidated return group. The license fee provided for by this section must be paid at the time of filing the reports required by this chapter. Electric cooperatives subject to the license fee imposed by Section 12-19-100 and distribution electric cooperatives subject to the license fee provided by this section shall file reports pursuant to the provisions of Sections 12-19-20 and 12-19-130.

South Carolina Code Section 12-19-120

In no case shall the license fee provided by Sections 12-19-100 and 12-19-110 be less than twenty-five dollars for any one corporation.

The license fees are due on or before the fifteenth day of the third month next after the preceding income year.

The total license fee cannot be less than twenty-five dollars (\$25.00).

INSTRUCTIONS

Refer to SC1120 instructions if Public Utilities 'C' Corporation.

Refer to SC1120S Instructions if Public Utilities 'S' Corporation.

AS ORIGINALLY FILED

SIF SC07117 3

DUKE ENERGY CORPORATION
SOUTH CAROLINA LICENSE TAX FOR UTILITIES

	<u>1996</u>
Receipts Reported on Original Return	1,270,476,192
Less: Sales for Resale	(113,415,884)
Less: Rents	(13,223,910)
Less: Water Revenues	(5,818,202)
Less: Forfeited Discounts	(1,898,741)
Less: Bad Debt	
Less: Interdepartmental rents	
Less: Misc. Service Revenue/Other Electric Revenues	
Less: Interdepartmental sales	<u>(561,144)</u>
Adjusted Receipts	1,135,558,311

AS ORIGINALLY FILED

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
NEW JOBS CREDIT

Effective for taxable years beginning after 1995.
(ATTACH TO RETURN)

SC SCH. TC 4

(Rev. 9/97)
3117

NUMBER OF FULL TIME EMPLOYEES SUBJECT TO WITHHOLDING AT THE END OF EACH MONTH

COUNTY	YORK	19 89	19 90	19 91	19 92	19 93	19 94	19 95
MONTH		PRIOR YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	JANUARY	1,019	1,073	1,323	1,869	2,084	1,986	1,821
2	FEBRUARY	1,023	1,092	1,371	1,890	2,077	1,971	1,814
3	MARCH	1,026	1,110	1,419	1,910	2,069	1,957	1,808
4	APRIL	1,029	1,128	1,466	1,930	2,061	1,943	1,801
5	MAY	1,032	1,147	1,514	1,950	2,054	1,928	1,794
6	JUNE	1,036	1,165	1,562	1,971	2,046	1,914	1,787
7	JULY	1,039	1,183	1,610	1,991	2,038	1,900	1,780
8	AUGUST	1,042	1,202	1,658	2,011	2,031	1,885	1,773
9	SEPTEMBER	1,045	1,220	1,706	2,031	2,023	1,871	1,767
10	OCTOBER	1,049	1,238	1,753	2,052	2,015	1,857	1,760
11	NOVEMBER	1,052	1,257	1,801	2,072	2,008	1,842	1,753
12	DECEMBER	1,055	1,275	1,849	2,092	2,000	1,828	1,746
LINE 1:	TOTAL EMPLOYEES	12,446	14,090	19,031	23,768	24,506	22,882	21,403
LINE 2:	DIVIDED BY: NUMBER OF MONTHS IN OPERATION	12	12	12	12	12	12	12
LINE 3:	MONTHLY AVERAGE OF FULL TIME EMPLOYEES	1,037.13	1,174.17	1,585.92	1,980.63	2,042.17	1,906.83	1,783.58
LINE 4:	LESS: PREVIOUS YEAR AVERAGE	943.58	1,037.13	1,174.17	1,585.92	1,980.63	2,042.17	1,906.83
LINE 5:	AVERAGE INCREASE IN FULL TIME EMPLOYEES	93	137	411	394	61	(135)	(123)

COMPUTATION OF EMPLOYEES ELIGIBLE FOR CREDIT

	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
HISTORY: 1988-1989 INCREASE	178	178	178	93	
LINE 6: YEAR 1 INCREASE	137	137	137	137	137
LINE 7: YEAR 2 INCREASE		411	411	411	411
LINE 8: YEAR 3 INCREASE			394	320	197
LINE 9: YEAR 4 INCREASE				0	0
LINE 10: YEAR 5 INCREASE					0
LINE 11: YEAR 6 INCREASE					
LINE 12: NUMBER OF NEW JOBS CREDIT (add lines 6 through 11)	315	726	1,120	961	745
LINE 13: AMOUNT OF CREDIT PER EMPLOYEE	300	300	300	300	300
LINE 14: ELIGIBLE CREDIT (multiply line 12 by line 13)	94,500	217,800	336,000	288,300	223,500
LINE 15: UNUSED NEW JOBS CREDIT CARRYOVER	0	0	0	0	0
LINE 16: TOTAL ELIGIBLE CREDIT (add lines 14 and 15)	94,500	217,800	336,000	288,300	223,500
LINE 17: TAX LIABILITY (from appropriate line of tax return)	8,609,020	10,436,284	14,100,497	10,277,346	16,793,214
LINE 18: MAX. TENTATIVE CREDIT (50% line 17)	4,304,510	5,218,392	7,050,249	5,138,673	8,396,607
LINE 19: ENTER the lesser of line 16 or 18	94,500	217,800	336,000	288,300	223,500

AS ORIGINALLY FILED

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
NEW JOBS CREDIT

Effective for taxable years beginning after 1995.
(ATTACH TO RETURN)

SC SCH. TC 4

(Rev. 9/97)
3117

NUMBER OF FULL TIME EMPLOYEES SUBJECT TO WITHHOLDING AT THE END OF EACH MONTH

COUNTY	OCONEE	19 89	19 90	19 91	19 92	19 93	19 94	19 95
MONTH		PRIOR YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	JANUARY	1,431	1,449	1,693	1,747	2,062	1,944	1,807
2	FEBRUARY	1,430	1,471	1,695	1,776	2,053	1,932	1,803
3	MARCH	1,430	1,493	1,698	1,806	2,043	1,920	1,800
4	APRIL	1,430	1,515	1,700	1,835	2,033	1,907	1,796
5	MAY	1,429	1,537	1,702	1,865	2,024	1,895	1,793
6	JUNE	1,429	1,559	1,704	1,895	2,014	1,883	1,790
7	JULY	1,429	1,581	1,706	1,924	2,004	1,871	1,786
8	AUGUST	1,428	1,603	1,708	1,954	1,995	1,859	1,783
9	SEPTEMBER	1,428	1,625	1,711	1,983	1,985	1,847	1,779
10	OCTOBER	1,428	1,647	1,713	2,013	1,975	1,834	1,776
11	NOVEMBER	1,427	1,669	1,715	2,042	1,966	1,822	1,772
12	DECEMBER	1,427	1,691	1,717	2,072	1,956	1,810	1,769
LINE 1: TOTAL EMPLOYEES		17,146	18,840	20,461	22,912	24,110	22,523	21,454
LINE 2: DIVIDED BY: NUMBER OF MONTHS IN OPERATION		12	12	12	12	12	12	12
LINE 3: MONTHLY AVERAGE OF FULL TIME EMPLOYEES		1,428.83	1,570.00	1,705.08	1,909.29	2,009.17	1,876.92	1,787.79
LINE 4: LESS: PREVIOUS YEAR AVERAGE			1,428.83	1,570.00	1,705.08	1,909.29	2,009.17	1,876.92
LINE 5: AVERAGE INCREASE IN FULL TIME EMPLOYEES			141	135	204	99	(132)	(89)

COMPUTATION OF EMPLOYEES ELIGIBLE FOR CREDIT

	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
LINE 6: YEAR 1 INCREASE	141	141	141	141	141
LINE 7: YEAR 2 INCREASE		135	135	135	135
LINE 8: YEAR 3 INCREASE			204	171	82
LINE 9: YEAR 4 INCREASE				0	0
LINE 10: YEAR 5 INCREASE					0
LINE 11: YEAR 6 INCREASE					
LINE 12: NUMBER OF NEW JOBS CREDIT (add lines 6 through 11)	141	276	480	447	358
LINE 13: AMOUNT OF CREDIT PER EMPLOYEE	300	300	300	300	300
LINE 14: ELIGIBLE CREDIT (multiply line 12 by line 13)	42,300	82,800	144,000	134,100	107,400
LINE 15: UNUSED NEW JOBS CREDIT CARRYOVER	0	0	0	0	0
LINE 16: TOTAL ELIGIBLE CREDIT (add lines 14 and 15)	42,300	82,800	144,000	134,100	107,400
LINE 17: TAX LIABILITY (from appropriate line of tax return)	8,609,020	10,436,784	14,100,497	10,277,346	16,793,214
LINE 18: MAX. TENTATIVE CREDIT (50% line 17)	4,304,510	5,218,392	7,050,249	5,138,673	8,396,607
LINE 19: ENTER the lesser of line 16 or 18	42,300	82,800	144,000	134,100	107,400

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**ECONOMIC IMPACT ZONE PROPERTY
INVESTMENT CREDIT**

Attach to Forms SC1040, SC1041, SC1120, or SC1120S

SC SCH. TC-11
(7/95)
3326
1995

Name As Shown On Tax Return
DUKE POWER COMPANY

Social Security or Employer ID Number
56-0205520

This schedule must be completed and filed with the income tax return in order to claim an investment tax credit for the cost basis of economic impact zone property. The definitions on the reverse side should be carefully read before completing this schedule, as there are certain requirements that must be met before qualifying for this tax credit.

1. Economic Impact Zone Property (Qualifying Types)	Cost Basis
a. Manufacturing	1a.
b. Production	1b.
c. Manufacturing or Production Control Software	1c.
d. Extraction	1d.
e. Furnishing Transportation	1e.
f. Furnishing Communications	1f.
g. Furnishing Electrical Energy	1g. <u>4,103,452</u>
h. Furnishing Gas	1h.
i. Furnishing Water	1i.
j. Furnishing Sewage Disposal Services	1j.
2. Total Cost Basis of Qualifying Property	2. <u>4,103,452</u>
3. Credit - Multiply line 2 by 5%	3. <u>205,173</u>

AS ORIGINALLY FILED

STF SC20472F

AS ORIGINALLY FILED

 STATE OF SOUTH CAROLINA PUBLIC UTILITY TAX RETURN		SC1120U (Rev. 10/94) 3097
SC-1120U RETURN FOR DEC 31, 1995 INCOME PERIOD ENDING DEC 31, 1996 LICENSE RETURN DUE MAR 15, 1996 12		A COPY OF FEDERAL FORM 1120, 1120 A or 1120S AND SUPPORTING SCHEDULES MUST BE ATTACHED AND MADE PART OF THIS RETURN Extension Requested: Yes ☒ No ☐ Type of SC Return: Separate ☒ Consolidated ☐ If Final Return, Indicate Whether: Merged ☐ Reorganized ☐ Dissolved ☐ Withdrawn ☐ County in SC Where Property is located: Various Did any of the corporations in this Return have any property presumed abandoned under Chapter 18, Title 27 of the South Carolina Code of Laws, 1976? ☒ yes ☐ no City: Charlotte, NC Audit Location: State Telephone Number: 704-382-8175
FILE NO. 20050024-9 BUS. CODE 4900-C EMPLOYER ID NO. 560205520 23		
DUKE POWER COMPANY 422 S CHURCH ST CHARLOTTE NC 28242		
Employer Identification No. Business Code File Number		

PART I COMPUTATION OF INCOME TAX LIABILITY	1. Federal ordinary income (loss) For Federal Form 1120, 1120A or 1120S	For Onfile Use Only	1.	984,707,531
	2. Net Adjustment from line 12, Schedule A and B		2.	72,570,495
	3. Total Net Income As Reconciled (line 1 plus or minus line 2)		3.	1,057,278,026
	4. If Multi-state Corporation, enter amount from line 5, Sch. G; otherwise, enter amount from line 3		4.	335,864,278
	5. LESS: Distribution to shareholders of S corporation or less S.C.-N.O.L. carryover, if applicable		5.	<
	6. South Carolina Net Income subject to tax (line 4 less line 5)		6.	335,864,278
	7. TAX: Multiply amount on line 6 by .05 (5.0%)		7.	16,793,214
	8. Non-Refundable credits from line 5, Schedule C		8.	
	9. Balance of tax (line 7 less line 8) enter the difference but not less than zero.		9.	16,793,214
	10. Payments: (a) Tax Withheld (see instructions)	(b) Paid by Declaration	20,024,988	
(c) Paid with Tentative Return		3,350,000	(d) Credit from line 22b	
11. Total Payments (add lines 10a through 10d)		11.	23,374,988	
12. Balance of Tax Due (line 9 less line 11)		12.	none	
13. Interest Due	Penalty Due	(See instructions for penalty and interest)	13.	none
14. TOTAL INCOME TAX, Interest and Penalty, Due (add lines 12 and 13)		14.	none	
15. OVERPAYMENT (line 11 less line 9)	6,581,774	To be applied as follows:		
(a) Estimated Tax		389,182	(b) License Fee	6,192,592
(c) Refunded				
16. Total License Fee Due from Schedule J, line 9, on page 5		16.	6,192,592	
17. Payments: (a) Paid with Tentative Return	(b) Credit from line 15b	6,192,592		
18. Total Payments (add line 17 (a) and (b))		18.	6,192,592	
19. Balance Of Fee Due (line 16 less line 18)		19.	none	
20. Interest Due	Penalty Due	(See instructions for penalty and interest)	20.	none
21. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 19 and 20)		21.	none	
22. OVERPAYMENT (line 18 less line 16)		To be applied as follows:		
(a) Estimated Tax		(b) Income Tax	(c) Refunded	
23. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 14 and 21)		23.		

Make checks payable to: South Carolina Department of Revenue.

Please Sign Here	I, the undersigned, a principal officer of the corporation for which this return is made, declare that this return including accompanying Annual Report, statements and schedules has been examined by me and is to the best of my knowledge and belief, a true and complete return.		
	Signature of officer	Date	Title
Preparer's Use Only	Preparer's signature	Date	Check if self-employed ☐
	Firm's name (or yours if self-employed) and address	E.I. No.	Preparer's social security no

Signature: *James W. Brand* Date: *9/16/96* Title:

Signature: *James W. Brand* Date: *9/16/96* Check if self-employed ☐

Firm's name (or yours if self-employed) and address: *COPELAND BRAND LLP* E.I. No.: *135218870* Zip code: *30309*

Address: *ATLANTA, GA*

AS ORIGINALLY FILED

STATE OF SOUTH CAROLINA
TENTATIVE CORPORATION TAX RETURN AND CONDITIONAL EXTENSION

FILE NO. 090024-9 56-0205520 FED ID NO. DUKE POWER COMPANY 422 SOUTH CHURCH STREET CHARLOTTE, NC	Return for the Period Ending 12/31/95	Complete all blank areas. 1. Tentative Tax Based on Net Income 17,182,396. 2. LESS: Estimated Tax Payments 20,024,988. 3. Tentative Tax Due ▶ 4. Total Capital and Paid in Surplus x .001 plus \$15.00 but not less than \$25.00 Tentative License Fee (N/A for Savings and Loan Associations or Banks) ▶ 6,192,592. 5. Balance Remitted 3,350,000.	Return extended to <u>09/16/95</u> Signature <u><i>Carol M. Heston</i></u> Date <u>3/14/96</u> <i>Asst. Secretary</i> DUKE POWER COMPANY 422 SOUTH CHURCH STREET CHARLOTTE, NC 28242-0001

SC11201
 (Rev. 7/93) 3096
 Corporation Tentative
 Columbia, SC 29214-0006

----- Cut Here -----

AS ORIGINALLY FILED

SCHEDULE A AND B ADDITIONS TO FEDERAL NET INCOME

1. Taxes on or Measured By Income	1.	75,316,966	
2. Federal Net Operating Loss	2.		
3. INTEREST FROM STATE & LOCAL OBLIG.	3.	2,264,482	
4.	4.		
5. Other Additions (attach schedule) SEE STATEMENT 1	5.	970,729	
6. Total Additions (add lines 1 through 5)	6.		78,552,177

DEDUCTIONS FROM FEDERAL NET INCOME

7. Interest On Obligations Of The U.S.	7.	232,091	
8.	8.		
9. DEPRECIATION & AMORIZATION ADJ.	9.	5,359,256	
10. Other Deductions (attach schedule) SEE STATEMENT 1	10.	390,335	
11. Total Deductions (add lines 7 through 10)	11.		5,981,682
12. Net Adjustment (line 6 less line 11) Also enter on line 2, Part I, SC1120U	12.		72,570,495

SCHEDULE C NON-REFUNDABLE TAX CREDITS

1. Credit Carryover From Previous Year	1.		
2. Add: (a) Drip/Trickle Irrigation System (TC-1)	2a.		
(b) Minority Business (TC-2)	b.		
(c) Water Resources (TC-3)	c.		
(d) South Carolina New Jobs Credit (TC-4)	d.		
(e) Scenic Rivers (TC-5)	e.		
(f) Infrastructure Construction or Improvement (TC-6)	f.		
(g) Palmetto Seed Capital (TC-7)	g.		
(h) Corporate Headquarters Income Tax Application (TC-8)	h.		
(i) Child Care Program (TC-9)	i.		
3. Total Credits (add lines 1 and 2(a) through (i))	3.		
4. Tax (line 7, Part I, SC1120U)	4.		
5. Lesser of line 3 or 4 (enter on line 8, Part I, SC1120U)	5.		
6. Credit Carryover (line 3 less line 5)	6.		

SCHEDULE D ANNUAL REPORT TO BE COMPLETED BY ALL CORPORATIONS

1. Name of Corporation DIVE POWER COMPANY Fed. E.I. No. 56-0205520

2. Date of this Report _____ on 05/01/17

3. Incorporated under the Laws of the State of NORTH CAROLINA on 02/24/63

4. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____

5. Location of the Registered Office of the Corporation in the State of South Carolina is 84 VILLA RD.
In the City of GREENVILLE Registered Agent at such address is JOHN F. TOMAY

6. Was the name of the Corporation changed during the year? NO Give old name _____

7. Date commenced business in the State of South Carolina was 02/24/63

8. Location of principal executive office (street address) SEE STATEMENT 1
Nature of principal business in S.C. ELECTRIC UTILITY

9. The Corporation's books are in the care of JEFFERY BOYER
Located at (street address) SEE STATEMENT 1

10. If filing consolidated, complete and attach Schedule I for each corporation listed in the consolidation.

11. If a professional corporation are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional services engaged in by the corporation? NO

12. The total number of authorized shares of capital stock itemized by class and series, if any, within each class is as follows:

Number of Shares	Class	Series
300,000,000	COMMON	NO PAR

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

Number of Shares	Class	Series
204,859,339	COMMON	NO PAR

14. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach separate schedule.)

NAME

BUSINESS ADDRESS AND OFFICE

SEE STATEMENT 1, 2 and 3

SCHEDULE E

RESERVED

SCHEDULE F

INCOME SUBJECT TO DIRECT ALLOCATION

	Gross Amounts 1	Less: Related Expenses 2	Net Amounts Allocated Directly to S.C. and Other States 3	Net Amounts Allocated Directly to S.C. 4	Payrolls to be Excluded from Payroll Factor 5	Property to be Excluded from Property Factor 6
1. Interest not connected with business	97,541		97,541			
2. Dividends received	409,788		409,788			
3. Rents						
4. Gains/losses on real property	(3,595,055)		(3,595,055)	(470,484)		
5. Gains/losses on intangible pers. prop.	279,374		279,374	1,157		
6. Investment income directly allocated						
7. TOTAL INCOME DIRECTLY ALLOCATED			(2,808,352)			
8. INCOME DIRECTLY ALLOCATED TO S.C.				(469,327)		
9. TOTALS TO APPORTIONMENT FACTORS						

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR CORPORATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Part I	1.	1,057,278,026
2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7	2.	(2,808,352)
3. Total net income subject to apportionment (line 1 less line 2)	3.	1,060,086,378
4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2 or 3 and enter result here	4.	336,333,605
5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8	5.	(469,327)
6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Part I	6.	335,864,278

SCHEDULE H - 1

COMPUTATION OF THREE FACTOR APPORTIONMENT RATIO

	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land				
2. Buildings				
3. Machinery and Equipment				
4. Inventories	2,261,712	2,639,770	10,555,771	9,065,655
5. Other Property	5,130,438,526	5,228,180,874	14,129,138,762	14,706,473,585
6. Exclusions	<	<	<	<
7. TOTAL (add lines 1 - 5; subtract line 6)	5,132,700,238	5,230,820,644	14,139,694,533	14,715,539,240
	1. Within S.C.		2. Total Everywhere	3. Ratio
8. Avg. of Beginning and Ending Period (add line 7a and b and divide by 2)	5,181,760,441		14,427,616,887	
9. Rental or Lease Value	19,392,896		276,817,240	
10. TOTAL Property (Add lines 8 and 9; Col. 1 + Col. 2 and enter ratio in Col. 3)	5,201,153,337		14,704,434,127	35.3713 %
11. GROSS Payroll	275,802,201		813,906,532	
12. Less: Officers Compensation and Exclusions	< 704,273 >		< 9,254,575 >	
13. TOTAL Payroll (Col. 1 - Col. 2 and enter ratio in Col. 3)	275,097,928		804,651,975	34.1884 %
14. TOTAL Sales (Col. 1 - Col. 2 and enter ratio in Col. 3)	1,284,701,382		4,480,354,569	28.6741 %
15. TOTAL of Three Ratios (add Column 3 - lines 10, 13 and 14)				28.6741 %
16. Arithmetic Average of Three Ratios				31.7270

SCHEDULE H - 2

COMPUTATION OF GROSS RECEIPTS RATIO

	1. In South Carolina	2. Total Everywhere	3. Ratio
1. Total Gross Receipts			
2. Less: Exclusion	<	<	
3. Gross Receipts (for ratio)			
4. Ratio of Gross Receipts (line 3, Col. 1 ÷ line 3, Col. 2)			%

SCHEDULE H - 3 COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS

	Amount	Ratio
1. Total Within South Carolina		
2. Total for System		
3. Ratio (South Carolina ÷ Total System)		%

AS ORIGINALLY FILED

SCHEDULE I CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**AFFILIATED CORPORATION NO. 1**

1. Name _____ S.C.I.D. NO. _____ Fed. E.I. No. _____
2. Date of this report _____
3. Address _____
4. Incorporated under the laws of the State of _____ on _____
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal Office (street address) _____
Nature of principal business in S.C. _____
10. The Corporation's books are in the care of _____
Located at (street address) _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-------|--------|
| | | |
| | | |
| | | |
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-------|--------|
| | | |
| | | |
| | | |
14. The total amount of stated capital per balance sheet is:
- | | |
|--------------------------------|----------|
| Total paid in Capital Stock | \$ _____ |
| Total paid in Capital Surplus | \$ _____ |
| Total amount of stated Capital | \$ _____ |
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

For additional affiliated corporations duplicate Schedule I as needed.

RECEIVED

SCHEDULE J COMPUTATION OF LICENSE FEE — UTILITIES AND ELECTRIC COOPERATIVES

1. Fair Market Value of Property Owned and Used in the Conduct of Business in South Carolina as determined by South Carolina Department of Revenue for Property Tax Purposes		1.	2,381,163,809
2. Fee Due: Line 1 x .001		2.	2,381,164
3. Operating Revenues. (Itemize):			
Electric	\$ 4,422,438,494	\$ 1,264,657,990	
Water	9,159,441	5,818,202	
4. Total Operating Revenues		4.	\$ 4,431,597,935
5. Other Receipts. (Itemize):		5.	
6. Total Other Receipts		6.	\$
7. Total Gross Receipts (Add Lines 4 and 6)		7.	\$ 1,270,476,192
8. Fee Due (Line 7, Column B x .003)		8.	\$ 3,811,428
9. Total License Fee Due (Add Lines 2 and 8) (Enter here and also on Line 16 Part II, Page 1)		9.	\$ 6,192,592

South Carolina Code Section 12-19-100 (As amended for license tax years beginning after May 10, 1994.)

In lieu of the license fee imposed by Section 12-19-70, there is levied, in addition to any other license taxes and fees or taxes of whatever kind, a license fee of one mill upon each dollar of the fair market value of property, as determined by the South Carolina Department of Revenue for property tax purposes for the preceding accounting period, owned and used within South Carolina in the conduct of business of every express company, street railway company, navigation company, waterworks company, power company, electric cooperative, light company, gas company, telegraph company, and telephone company. The license fee provided for in this section must be paid at the time of the filing of the reports required by this chapter.

South Carolina Code Section 12-19-110 (As amended for license tax years beginning after May 10, 1994.)

In addition to the license fee provided by Section 12-19-100 and all other license taxes and fees or taxes of whatever kind, there is levied an annual license fee of three mills upon the gross receipts derived from services rendered from regulated business within this State during the calendar year next preceding by every express company, street railway company, navigation company, waterworks company, power company, distribution electric cooperative, light company, gas company, telegraph company, and telephone company. However, where a consolidated return pursuant to Section 12-7-1570 is filed, the phrase 'the gross receipts derived from services rendered from regulated business' does not include gross receipts arising from any transactions between any of the separate members of the consolidated return group. The license fee provided for by this section must be paid at the time of filing the reports required by this chapter. Electric cooperatives subject to the license fee imposed by Section 12-19-100 and distribution electric cooperatives subject to the license fee provided by this section shall file reports pursuant to the provisions of Sections 12-19-20 and 12-19-130.

South Carolina Code Section 12-19-120

In no case shall the license fee provided by Sections 12-19-100 and 12-19-110 be less than twenty-five dollars for any one corporation.

The license fees are due on or before the fifteenth day of the third month next after the preceding income year.

The total license fee cannot be less than twenty-five dollars (\$25.00).

INSTRUCTIONS

Refer to SC1120 instructions if Public Utilities 'C' Corporation.

Refer to SC1120S instructions if Public Utilities 'S' Corporation.

AS ORIGINALLY FILED

SOUTH CAROLINA SC1120, PAGE 2 DETAIL

SCH. A, LINE 5 - OTHER ADDITIONS

ENVIRONMENTAL TAXES

970,729.

TOTAL

970,729.

SCH. B, LINE 10 - OTHER DEDUCTIONS

FEDERAL GAINS IN EXCESS OF SOUTH CAROLINA

390,335.

TOTAL

390,335.

SCH. D, LINE 8 - LOCATION OF PRINCIPAL OFFICE

84 VILLA RD
GREENVILLE, SC

SCH. D, LINE 9 - LOCATION OF BOOKS

422 SOUTH CHURCH STREET
CHARLOTTE, NC

28242

SCH. D, LINE 15 - DIRECTORS AND PRINCIPAL OFFICERS IN THE CORPORATION

NAME	BUSINESS ADDRESS	OFFICE
WILLIAM H. GRIGG	422 S. CHURCH STREET CHARLOTTE, NC 28242	CEO
RICHARD B. PRIORY	422 S. CHURCH STREET CHARLOTTE, NC 28242	PRESIDENT
WILLIAM A. COLEY	422 S. CHURCH STREET CHARLOTTE, NC 28242	PRESIDENT
STEVE C. GRIFFITH, JR.	422 S. CHURCH STREET CHARLOTTE, NC 28242	VCHAIRMAN
RICHARD OSBORNE	422 S. CHURCH STREET CHARLOTTE, NC 28242	SR VP
DONALD DENTON, JR.	422 S. CHURCH STREET CHARLOTTE, NC 28242	SR. VP
MICHAEL TUCKMAN	422 S. CHURCH STREET CHARLOTTE, NC 28242	SR. VP
FRED E. WEST, JR	422 S. CHURCH STREET CHARLOTTE, NC 28242	VP

CONTINUED ON NEXT PAGE

STATEMENT 1

AS ORIGINALLY FILED

SOUTH CAROLINA SC1120, PAGE 2 DETAIL

SCH. D, LINE 15 - DIRECTORS AND PRINCIPAL OFFICERS IN THE CORPORATION (CONT'D)

EXCELL FERRELL, III	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
WILLIAM R STIMART	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
ROBERT S. LILLEN	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
JIMMY R. HICKS	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
JOHN F. LOMAX	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
MAURICE MCINTOSH	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
T. C. MCMEEKIN	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
JAMES E. GROGAN	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
JAMES HAMPTON	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
JAMES D. HINTON	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
DAVID L. REHN	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
DAVID L. HAUSER	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
J. W. HILLHOUSE, JR.	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
JOHN P. HOLLAND	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
RONALD L. GIBSON	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
WILLIAM F. REINKE	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
DONALD E. HATLEY	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
CHRISTOPHER ROLFE	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
SHARON A. DECKER	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
BARBARA B. ORR	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
F. ALFRED JENKINS	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
DAVID H. MANER	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
JAMES R. BAVIS	422 S. CHURCH STREET VP CHARLOTTE, NC 28242
WILLIAM ROBERTSON, JR.	422 S. CHURCH STREET VP CHARLOTTE, NC 28242

CONTINUED ON NEXT PAGE

STATEMENT 2

AS ORDERED

SOUTH CAROLINA SC1120, PAGE 2 DETAIL

SCH. D, LINE 15 - DIRECTORS AND PRINCIPAL OFFICERS IN THE CORPORATION (CONT'D)

ELLEN T. RUFF	422 S. CHURCH STREET CHARLOTTE, NC 28242	SECRETARY
SUE A. BECHT	422 S. CHURCH STREET CHARLOTTE, NC 28242	TREASURER
WILLIAM S. LEE	422 S. CHURCH STREET CHARLOTTE, NC 28242	CEO
WILLIAM H. GRIGG	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
STEVE C. GRIFFITH, JR.	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
WILLIAM A. COLEY	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
RICHARD B. PRIORY	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
G. ALEX BERNHARDT	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
CRANDALL C. BOWLES	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
ROBERT J. BROWN	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
PAUL H. HENSON	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
GEORGE DEAN JOHNSON, JR.	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
JAMES V. JOHNSON	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
W. W. JOHNSON	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
DR. MAX LENNON	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
JAMES G. MARTIN	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
BUCK MICKEL	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR
RUSSELL M. ROBINSON, II	422 S. CHURCH STREET CHARLOTTE, NC 28242	DIRECTOR

DUKE POWER COMPANY

Statement Attached To and Made Part Of
1995 South Carolina Corporation Income Tax Return

Function	Federal Tax <u>Depreciation</u>	S.C. Tax <u>Depreciation</u>	Income increase (decrease)
Furniture & Fixtures	\$20,204,046	\$20,204,046	\$ -0-
EDP Equipment	16,091,755	16,091,755	-0-
Dispatch and Other Computers	1,107,859	1,107,859	-0-
Data Handling Equipment	283,417	283,417	-0-
Other General Plant	9,070,240	9,070,240	-0-
Hydro	53,548,136	53,795,239	(247,103)
Hydro - Structures	1,543,348	1,543,348	-0-
Nuclear	49,879,807	51,754,922	(1,875,115)
Nuclear Fuel	149,768,906	149,768,906	-0-
Nuclear - Structures	4,352,820	4,352,820	-0-
Steam	51,418,999	51,920,958	(501,959)
Other Production	15,159,939	15,161,578	(1,639)
Other Production - Structures	258	258	-0-
Steam - Structures	390,321	390,321	-0-
Transmission	39,997,541	40,625,875	(628,334)
Distribution	162,346,011	164,419,141	(2,073,130)
Easements, Relocations & First Clearing	2,687,226	2,687,226	-0-
Leased Structures	398,161	398,161	-0-
Water	1,868,211	1,901,280	(33,069)
Structures	11,820,373	11,819,280	1,093
Vehicle	<u>(315,092)</u>	<u>(315,092)</u>	<u>-0-</u>
	<u>\$591,622,282</u>	<u>\$596,981,538</u>	<u>\$(5,359,256)</u>

Depreciation on the Federal return was computed using Section 167(a)(11) Class Life Asset Depreciation Range for additions made in 1971 through 1980. After 1980, depreciation was computed using Section 168 Accelerated Cost Recover System.

AS ORIGINALLY FILED

Form 1120-

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 1995 or tax year beginning _____, 1995, ending _____, 19

Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

OMB No. 1545-0123

1995

Check if a:
1 Consolidated return
(attach Form 951)

Name

DUKE POWER COMPANY

B Employer identification number

56-0205520

2 Personal holding co.
(attach Sch. PH)

Number, street, and room or suite no. (If a P.O. box, see page 6 of instructions.)

422 SOUTH CHURCH STREET

C Date incorporated

05/01/1917

3 Personal service corp.
(as defined in Regs.
sec. 1.441-4T
-see instructions)

City or town, state, and ZIP code

CHARLOTTE, NC

28242-0001

D Total assets (see page 6 of instructions)

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

14,062,173,430.

1 a Gross receipts or sales		b Less returns and allowances		c Bal	
1	4,466,632,157.	2	120,936.	1c	4,466,511,221.
2	Cost of goods sold (Schedule A, line 8)	2		2	1,302,872,808.
3	Gross profit. Subtract line 2 from line 1c	3		3	3,163,638,413.
4	Dividends (Schedule C, line 19)	4		4	1,365,960.
5	Interest	5	SEE STATEMENT 1.	5	3,007,633.
6	Gross rents	6		6	122,892.
7	Gross royalties	7		7	
8	Capital gain net income (attach Schedule D (Form 1120))	8		8	289,008.
9	Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797)	9		9	-6,627,438.
10	Other income (see page 7 of instructions - attach schedule)	10	SEE STATEMENT 1.	10	1,969,365.
11	Total income. Add lines 3 through 10	11		11	3,163,765,833.
12	Compensation of officers (Schedule E, line 4)	12		12	9,254,575.
13	Salaries and wages (less employment credits)	13		13	200,986,154.
14	Repairs and maintenance	14		14	427,075,181.
15	Bad debts	15		15	7,938,931.
16	Rents	16		16	5,149,441.
17	Taxes and licenses	17	SEE STATEMENT 2.	17	319,333,499.
18	Interest	18		18	238,565,700.
19	Charitable contributions (see page 9 of instructions for 10% limitation)	19	SEE STATEMENT 3.	19	7,914,651.
20	Depreciation (attach Form 4562)	20	594,234,773.	20	
21	Less depreciation claimed on Schedule A and elsewhere on return	21a		21b	594,234,773.
22	Depletion	22		22	
23	Advertising	23		23	6,405,905.
24	Pension, profit-sharing, etc., plans	24		24	87,822,599.
25	Employee benefit programs	25		25	33,970,990.
26	Other deductions (attach schedule)	26	SEE STATEMENT 3.	26	239,449,731.
27	Total deductions. Add lines 12 through 26	27		27	2,178,102,130.
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28		28	985,663,703.
29	Less: a Net operating loss deduction (see page 11 of instructions)	29a		29b	955,172.
	b Special deductions (Schedule C, line 20)	29b		29c	955,172.
30	Taxable income. Subtract line 29c from line 28	30		30	984,707,531.
31	Total tax (Schedule J, line 10)	31		31	NONE
32	Payments: a 1994 overpayment credited to 1995	32a		32b	
	b 1995 estimated tax payments	32b		32c	
	c Less 1995 refund applied for on Form 4406	32c		32d	
	d Tax deposited with Form 7004	32d		32e	
	f Credit from regulated investment companies (attach Form 2439)	32f		32g	
	g Credit for Federal tax on fuels (attach Form 4138). See instructions	32g		32h	
33	Estimated tax penalty (see page 12 of instructions). Check if Form 2220 is attached	33		33	
34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed	34		34	
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid	35		35	NONE
36	Enter amount of line 35 you want credited to 1996 estimated tax	36		36	NONE

Sign Here

Signature of officer

Date

Title

Paid

Preparer's

Use only

Preparer's signature

Date

Check if self-employed

Preparer's social security no.

EIN

ZIP code

JSA

AS ORIGINALLY FILED

5322

DES00013581

Schedule A Cost of Goods Sold (See page 12 of instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	SEE STATEMENT 5.
6	Total. Add lines 1 through 5	6	1,302,872,808.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,302,872,808.

9 a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO ☐ 9d

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☒ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Schedule C Dividends and Special Deductions (See page 13 of instructions.)

	(a) Dividends received	(b) %	(c) Special deductions (e) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	956,172.
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	instr.	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	100	
9	Total. Add lines 1 through 8. See page 13 of instructions for limitation		956,172.
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))	100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (section 78)		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1	1,365,960.	
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1		956,172.

Schedule E Compensation of Officers (See instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	(d) Percent of corporation stock owned		(f) Amount of compensation
			(i) Common	(ii) Preferred	
1		%	%	%	
SEE STATEMENT 6		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2	Total compensation of officers				9,254,575.
3	Compensation of officers claimed on Schedule A and elsewhere on return				
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1				9,254,575.

Schedule J Tax Computation (See page 14 of instructions.)

1	Check if the corporation is a member of a controlled group (see section 1561 and 1563)	☐	
Important: Members of a controlled group, see instructions on page 14.			
2a	If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):	(1) (2) (3)	
b	Enter the corporation's share of:		
	(1) Additional 5% tax (not more than \$11,750)		
	(2) Additional 3% tax (not more than \$100,000)		
3	Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions on page 15)	☐	NONE
4a	Foreign tax credit (attach Form 1118)	4a	
b	Possessions tax credit (attach Form 5735)	4b	
c	Check ☐ Nonconventional source fuel credit ☐ QEV credit (attach Form 8834)	4c	
d	General business credit. Enter here and check which forms are attached:		
	☐ 3800 ☐ 3468 ☐ 5884 ☐ 6478 ☐ 6765 ☐ 8686 ☐ 8830	4d	
	☐ 8828 ☐ 8835 ☐ 8844 ☐ 8845 ☐ 8846 ☐ 8847		
e	Credit for prior year minimum tax (attach Form 8827)	4e	
5	Total credits. Add lines 4a through 4e	5	
6	Subtract line 5 from line 3	6	NONE
7	Personal holding company tax (attach Schedule PH (Form 1120))	7	
8	Recapture taxes. Check if from: ☐ Form 4255 ☐ Form 8611	8	
9a	Alternative minimum tax (attach Form 4626)	9a	NONE
b	Environmental tax (attach Form 4626)	9b	
10	Total tax. Add lines 6 through 9b. Enter here and on line 31, page 1	10	NONE

Schedule K Other Information (See page 17 of instructions.)

1	Check method of accounting: a ☐ Cash	Yes	No	7	Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.)	Yes	No
b	☒ Accrual c ☐ Other (specify)				If "Yes," attach Form 5471 for each such corporation.		
2	See page 19 of the instructions and state the principal:				Enter number of Forms 5471 attached: <u>7</u>		
a	Business activity code no. <u>4911</u>			8	At any time during the 1995 calendar year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . .		X
b	Business activity <u>ELECTRIC UTILITY</u>				If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country <u> </u>		
c	Product or service <u>ELECTRICITY</u>			9	Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 926, 3520, or 3520-A . . .		X
3	Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	X		10	Did one foreign person at any time during the tax year own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"		X
	If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			a	Enter percentage owned <u> </u>		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group?	X		b	Enter owner's country <u> </u>		
	If "Yes," enter employer identification number and name of the parent corporation <u> </u>			c	The corporation may have to file Form 5472. Enter number of Forms 5472 attached <u> </u>		
5	Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)	X		11	Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . ☐		
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned <u> </u>				If so, the corporation may have to file Form 8281.		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 316.)	X		12	Enter the amount of tax-exempt interest received or accrued during the tax year <u>2,368,542</u>		
	If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.			13	If there were 35 or fewer shareholders at the end of the tax year, enter the number <u> </u>		
				14	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☐		
				15	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) <u> </u>		

Schedule L Balance Sheets

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Cash		15,608,269.		19,552,844.
2 a Trade notes and accounts receivable	553,600,805.		666,727,537.	
b Less allowance for bad debts	(6,637,267.)	556,963,538.	(6,352,236.)	660,375,301.
3 Inventories		313,159,093.		306,389,916.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)	STMT 8	98,283,346.		98,950,207.
7 Loans to stockholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)	STMT 8	507,982,401.		560,225,096.
10 a Buildings and other depreciable assets	14,549,280,445.		15,084,771,313.	
b Less accumulated depreciation	(5,162,424,464.)	9,386,855,981.	(5,509,233,087.)	9,575,538,226.
11 a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13 a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)	STMT 8	2,747,023,889.		2,841,141,841.
15 Total assets		13,625,876,517.		14,062,173,430.
Liabilities and Stockholders' Equity				
16 Accounts payable		333,244,706.		332,533,939.
17 Mtges., notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)	STMT 9	313,047,325.		370,359,102.
19 Loans from stockholders				
20 Mtges., notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)	STMT 9	7,665,755,248.		7,890,096,686.
22 Capital stock: a Preferred stock	781,000,000.		684,000,000.	
b Common stock	1,926,909,219.	2,707,909,219.	1,926,909,219.	2,610,909,219.
23 Paid-in or capital surplus				
24 Retained earnings - Appropriated (attach schedule)	STMT 9	2,038,171.		2,543,254.
25 Retained earnings - Unappropriated		2,603,881,848.		2,855,731,230.
26 Less cost of treasury stock				
27 Total liabilities and stockholders' equity		13,625,876,517.		14,062,173,430.

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income(Loss) per Books With Income per Return (See page 18 of instructions.)

1 Net income (loss) per books	714,537,735.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax	360,671,345.	Tax exempt interest \$	2,368,542.
3 Excess of capital losses over capital gains		SEE STATEMENT 11	228,647,513.
4 Income subject to tax not recorded on books this year (itemize):	SEE STATEMENT 10	47,858,333.	
5 Expenses recorded on books this year not deducted on this return (itemize):			
a Depreciation \$		8 Deductions on this return not charged against book income this year (itemize):	
b Contributions carryover \$		a Depreciation \$	204,517,702.
c Travel and entertainment \$	2,753,323.	b Contributions carryover \$	
SEE STATEMENT 10	474,347,442.	SEE STATEMENT 11	178,970,718.
6 Add lines 1 through 5	1,600,168,178.	9 Add lines 7 and 8	614,504,475.
		10 Income (line 28, page 1) - line 6 less line 9	985,663,703.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

Balance at beginning of year	2,603,881,848.	5 Distributions: a Cash	458,618,365.
Net income (loss) per books	714,537,735.	b Stock	
3 Other increases (itemize):		c Property	
SEE STATEMENT 12	145,088.	6 Other decreases (itemize):	
4 Add lines 1, 2, and 3	3,318,564,671.	SEE STATEMENT 12	4,215,076.
		7 Add lines 5 and 6	462,833,441.
		8 Balance at end of year (line 4 less line 7)	2,855,731,230.

SCHEDULE D
(Form 1120)
Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

To be filed with Forms 1120, 1120-A, 1120-IC-DISC, 1120-F,
1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL,
1120-REIT, 1120-RIC, 1120-SF, 990-C, and certain Forms 990-T

OMB No. 1545-0123

1995

Name

Employer identification number

DUKE POWER COMPANY

56-0205520

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Kind of property and description (Example, 100 shares of XYZ Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) [(d) less (e)]
1 SEE STATEMENT 13					153,727.
2 Short-term capital gain from installment sales from Form 6252, line 26 or 37				2	
3 Short-term gain or (loss) from like-kind exchanges from Form 8824				3	
4 Unused capital loss carryover (attach computation)				4	
5 Net short-term capital gain or (loss). Combine lines 1 through 4.				5	153,727.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

6 SEE STATEMENT 13					135,281.
7 Enter gain from Form 4797, line 8 or 10				7	
8 Long-term capital gain from installment sales from Form 6252, line 26 or 37				8	
9 Long-term gain or (loss) from like-kind exchanges from Form 8824				9	
10 Net long-term capital gain or (loss). Combine lines 6 through 9.				10	135,281.

Part III Summary of Parts I and II

11 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 10).	11	153,727.
12 Net capital gain. Enter excess of net long-term capital gain (line 10) over net short-term capital loss (line 5)	12	135,281.
13 Add lines 11 and 12. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns.	13	289,008.

Note: If losses exceed gains, see instructions on capital losses for explanation of capital loss carrybacks.

For Paperwork Reduction Act Notice, see page 1 of the instructions for Forms 1120 and 1120-A.

Schedule D (Form 1120) 1995

AS ORIGINALLY FILED

JSA

5326

DES00013585

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

1995

Department of the Treasury
Internal Revenue Service (99)

See separate instructions.

Attach this form to your return.

Attachment
Sequence No. 67

Name(s) shown on return

Identifying number

DUKE POWER COMPANY

56-0205520

Business or activity to which this form relates

GENERAL DEPRECIATION AND AMORTIZATION

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 1 of the instructions	1
2	Total cost of section 179 property placed in service during the tax year. See page 2 of the instructions.	2
3	Threshold cost of section 179 property before reduction in limitation	3
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5
6	(a) Description of property	(b) Cost
7	Listed property. Enter amount from line 27	7
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8
9	Tentative deduction. Enter the smaller of line 5 or line 8	9
10	Carryover of disallowed deduction from 1994. See page 2 of the instructions	10
11	Taxable income limitation. Enter the smaller of taxable income (not less than zero) or line 5 (see instructions)	11
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12
13	Carryover of disallowed deduction to 1995. Add lines 9 and 10, less line 12	13

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones,

certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1995 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 2 of the instructions ☐

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction

Section B - General Depreciation System (GDS) (See page 2 of the instructions.)

15a 3-year property						
b 5-year property		114,939,061.	5.000	HY	200DB	22,987,812
c 7-year property		35,805,781.	7.000	HY	200DB	5,115,106
d 10-year property						
e 15-year property		296,788,594.	15.000	HY	150DB	14,839,430
f 20-year property		329,432,079.	15.000	HY	150DB	12,353,703
g Residential rental property			27.5 yrs.	MM	S/L	
h Nonresidential real property	VARIOUS	45,063,152.	39 yrs.	MM	S/L	343,956

Section C - Alternative Depreciation System (ADS) (See page 4 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See page 4 of the instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1995	17	359,450,662
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	179,459,196

Part IV Summary (See page 4 of the instructions.)

20 Listed property. Enter amount from line 28	20	-315,092
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	594,234,773
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, see page 1 of the separate instructions. JSA 45 ORIGINALLY FILED

Form 4562 (1995)

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See page 5 of the instructions for limitations for automobiles.)

23a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No		23b If "Yes," is the evidence written? ☒ Yes ☐ No						
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
24 Property used more than 50% in a qualified business use (See page 5 of the instructions.)								
		%						
		%						
		%						
25 Property used 50% or less in a qualified business use (See page 5 of the instructions.)								
		%				S/L -		
		%				S/L -		
		%				S/L -		
26 Add amounts in column (h). Enter the total here and on line 20, page 1							26	-315092.
27 Add amounts in column (i). Enter the total here and on line 7, page 1							27	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
28 Total business/investment miles driven during the year (DO NOT include commuting miles)						
29 Total commuting miles driven during the year						
30 Total other personal (noncommuting) miles driven						
31 Total miles driven during the year. Add lines 28 through 30						
	Yes	No	Yes	No	Yes	No
32 Was the vehicle available for personal use during off-duty hours?						
33 Was the vehicle used primarily by a more than 5% owner or related person?						
34 Is another vehicle available for personal use?						

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		X
37 Do you treat all use of vehicles by employees as personal use?		X
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	X	
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 8 of the instructions		X

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortization amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1995 tax year:					
41 Amortization of costs that began before 1995				41	
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return				42	

Form 4626

Alternative Minimum Tax - Corporations
(including environmental tax)

OMB No. 1545-0175

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to the corporation's tax return.

1995

Name

DUKE POWER COMPANY

Employer identification number

56-0205520

1	Taxable income or (loss) before net operating loss deduction. (Important: If the corporation is subject to the environmental tax, see the instructions for line 16 on page 6.)		1	984,707,531.
2	Adjustments and preferences:			
a	Depreciation of post-1986 property	2a	61,640,979.	
b	Amortization of certified pollution control facilities	2b		
c	Amortization of mining exploration and development costs	2c		
d	Amortization of circulation expenditures (personal holding companies only)	2d		
e	Adjusted gain or loss	2e	2,506,678.	STMT 14
f	Long-term contracts	2f		
g	Installment sales	2g		
h	Merchant marine capital construction funds	2h		
i	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2i		
j	Tax shelter farm activities (personal service corporations only)	2j		
k	Passive activities (closely held corporations and personal service corporations only)	2k		
l	Loss limitations	2l		
m	Depletion	2m		
n	Tax-exempt interest from specified private activity bonds	2n	82,619.	
o	Charitable contributions	2o		
p	Intangible drilling costs	2p		
q	Reserves for losses on bad debts of financial institutions	2q		
r	Accelerated depreciation of real property (pre-1987)	2r	-92,148.	
s	Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only)	2s		
t	Other adjustments	2t		
u	Combine lines 2a through 2t	2u	64,138,128.	
3	Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2u		3	1048845659.
4	Adjusted current earnings (ACE) adjustment:			
a	Enter the corporation's ACE from line 10 of the worksheet on page 8 of the instructions	4a	1133993067.	
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see page 4 of the instructions for examples)	4b	85,147,408.	
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	63,860,556.	
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see page 5 of the instructions). Note: You must enter an amount on line 4d (even if line 4b is positive)	4d	692,408,847.	
e	ACE adjustment: • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount. • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount.	4e	63,860,556.	SEE STATEMENT 15
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax	5	1112706215.	
6	Alternative tax net operating loss deduction (see page 5 of the instructions)	6		
7	Alternative minimum taxable income. Subtract line 6 from line 5	7	1112706215.	

For Paperwork Reduction Act Notice, see separate instructions.

Form 4626 (1995)

AS ORIGINALLY FILED

JSA

5329

DES00013588

8	Enter the amount from line 7 (alternative minimum taxable income)	8	1112706215.
9	Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c):		
a	Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0-	9a	
b	Multiply line 9a by 25% (.25)	9b	
c	Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0-	9c	NONE
10	Subtract line 9c from line 8. If zero or less, enter -0-	10	1112706215.
11	Multiply line 10 by 20% (.20)	11	222,541,243.
12	Alternative minimum tax foreign tax credit. See page 5 of the instructions for limitations	12	
13	Tentative minimum tax. Subtract line 12 from line 11	13	222,541,243.
14	Regular tax liability before all credits except the foreign tax credit and possessions tax credit	14	NONE
15	Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9a). If zero or less, enter -0-	15	
16	Environmental tax. Subtract \$2 million from line 5 (figured without the corporation's environmental tax deduction). Multiply the excess, if any, by 0.12% (.0012). Enter the result here and on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9b). If you are completing this line for a member of a controlled group, see page 6 of the instructions	16	

AS ORIGINALLY FILED

JSA

5330

DES00013589

Adjusted Current Earnings Worksheet

See ACE Worksheet Instructions (which begin on page 6).

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626	1	1048845659.
2	ACE depreciation adjustment:		
a	AMT depreciation	2a	532,685,942.
b	ACE depreciation:		
(1)	Post-1993 property	2b(1)	
(2)	Post-1989 pre-1994 property	2b(2)	460,079,178.
(3)	Pre-1990 MACRS property	2b(3)	
(4)	Pre-1990 original ACRS property	2b(4)	
(5)	Property described in sections 168(f)(1) through (4)	2b(5)	
(6)	Other property	2b(6)	
(7)	Total ACE depreciation. Add lines 2b(1) through 2b(6)	2b(7)	460,079,178.
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a	2c	72,606,764.
3	Inclusion in ACE of items included in earnings and profits (E&P):		
a	Tax-exempt interest income	3a	2,285,923.
b	Death benefits from life insurance contracts	3b	756,642.
c	All other distributions from life insurance contracts (including surrenders)	3c	
d	Inside buildup of undistributed income in life insurance contracts	3d	11,905,067.
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e	
f	Total increase to ACE due to inclusion in ACE of items included in E&P. Add lines 3a through 3e	3f	14,947,632.
4	Disallowance of items not deductible from E&P:		
a	Certain dividends received	4a	956,172.
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247	4b	
c	Dividends paid to an ESOP that are deductible under section 404(k)	4c	365,960.
d	Nonpatronage dividends that are paid and deductible under section 1382(c)	4d	
e	Other items (see Regulations section 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e	
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e	4f	1,322,132.
5	Other adjustments based on rules for computing E&P:		
a	Intangible drilling costs	5a	
b	Circulation expenditures	5b	
c	Organizational expenditures	5c	
d	LIFO inventory adjustments	5d	
e	Installment sales	5e	
f	Total other E&P adjustments. Combine lines 5a through 5e	5f	
6	Disallowance of loss on exchange of debt pools	6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts	7	
8	Depletion	8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property	9	S.T.M.T. 16, -3,729,120.
10	Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626	10	1133993067.

Form **4797**Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ See separate instructions.

OMB No. 1545-0184

1995Attachment
Sequence No. 27

Identifying number

DUKE POWER COMPANY

55-0205520

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1995 on Form(s) 1099-S
(or a substitute statement) that you will be including on line 2, 11, or 22 1**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From
Other Than Casualty or Theft - Property Held More Than 1 Year**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) LOSS ((f) minus the sum of (d) and (e))	(h) GAIN ((d) plus (e) minus (f))
2 STMT 17						6,868,643.	127,585.

3 Gain, if any, from Form 4684, line 39 3

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 4

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5

6 Gain, if any, from line 34, from other than casualty or theft 6

7 Add lines 2 through 6 in columns (g) and (h) 7

8 Combine columns (g) and (h) of line 7. Enter gain or (loss) here, and on the appropriate line as follows: 8

Partnerships - Enter the gain or (loss) on Form 1085, Schedule K, line 8. Skip lines 9, 10, 12, and 13 below.

S corporations - Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 8. Skip lines 8, 10, 12, and 13 below, unless line 8 is a gain and the S corporation is subject to the capital gains tax.

All others - If line 8 is zero or a loss, enter the amount on line 12 below and skip lines 9 and 10. If line 8 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain as a long-term capital gain on Schedule D and skip lines 9, 10, and 13 below.

9 Nonrecaptured net section 1231 losses from prior years (see instructions) 9

10 Subtract line 9 from line 8. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions):

S corporations - Enter this amount on Schedule D (Form 1120S), line 13, and skip lines 12 and 13 below.

All others - If line 10 is zero, enter the amount from line 8 on line 13 below. If line 10 is more than zero, enter the amount from line 9 on line 13 below, and enter the amount from line 10 as a long-term capital gain on Schedule D.

Part II Ordinary Gains and Losses

11 Ordinary gains and losses not included on lines 12 through 18 (include property held 1 year or less):

12 Loss, if any, from line 8 12

13 Gain, if any, from line 8, or amount from line 9 if applicable 13

14 Gain, if any, from line 33 14

15 Net gain or (loss) from Form 4684, lines 31 and 38a 15

16 Ordinary gain from installment sales from Form 6252, line 25 or 36 16

17 Ordinary gain or (loss) from like-kind exchanges from Form 8824 17

18 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) 18

19 Add lines 11 through 18 in columns (g) and (h) 19

20 Combine columns (g) and (h) of line 19. Enter gain or (loss) here, and on the appropriate line as follows: 20

a For all except individual returns: Enter the gain or (loss) from line 20 on the return being filed.

b For individual returns:

(1) If the loss on line 12 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040). Identify as from "Form 4797, line 20b(1)." See instructions 20b(1)

(2) Redetermine the gain or (loss) on line 20, excluding the loss, if any, on line 20b(1). Enter here and on Form 1040, line 14 20b(2)

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

Form 4797 (1995)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

21 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

Relate lines 21A through 21D to these columns	Property A	Property B	Property C	Property D
22 Gross sales price (Note: See line 1 before completing.)	22			
23 Cost or other basis plus expense of sale	23			
24 Depreciation (or depletion) allowed or allowable	24			
25 Adjusted basis. Subtract line 24 from line 23	25			
26 Total gain. Subtract line 25 from line 22	26			
27 If section 1245 property:				
a Depreciation allowed or allowable from line 24	27a			
b Enter the smaller of line 26 or 27a	27b			
28 If section 1250 property: If straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291.				
a Additional depreciation after 1975 (see instructions)	28a			
b Applicable percentage multiplied by the smaller of line 26 or line 28a (see instructions)	28b			
c Subtract line 28a from line 26. If residential rental property or line 26 is not more than line 28a, skip lines 28d and 28e	28c			
d Additional depreciation after 1969 and before 1976	28d			
e Enter the smaller of line 28c or 28d	28e			
f Section 291 amount (corporations only)	28f			
g Add lines 28b, 28e, and 28f	28g			
29 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership.				
a Soil, water, and land clearing expenses	29a			
b Line 29a multiplied by applicable percentage (see instructions)	29b			
c Enter the smaller of line 26 or 29b	29c			
30 If section 1254 property:				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	30a			
b Enter the smaller of line 26 or 30a	30b			
31 If section 1255 property:				
a Applicable percentage of payments excluded from income under section 128 (see instructions)	31a			
b Enter the smaller of line 26 or 31a (see instructions)	31b			

Summary of Part III Gains. Complete property columns A through D, through line 31b before going to line 32.

32 Total gains for all properties. Add columns A through D, line 26	32
33 Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14	33
34 Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	34

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

	(a) Section 179	(b) Section 280F(b)(2)
35 Section 179 expense deduction or depreciation allowable in prior years	35	
36 Recomputed depreciation. See instructions	36	
37 Recapture amount. Subtract line 36 from line 35. See the instructions for where to report	37	

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to your tax return.

Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

1 Description of like-kind property given up ANTHONY RETAIL (304 ACRES LAND ONLY)

2 Description of like-kind property received 317 S. GRAHAM (.24 ACRES)

3 Date like-kind property given up was originally acquired (month, day, year) 3 04/23/65

4 Date you actually transferred your property to other party (month, day, year) 4 09/21/95

5 Date the like-kind property you received was identified (month, day, year). See instructions 5 10/27/95

6 Date you actually received the like-kind property from other party (month, day, year) 6 01/06/95

7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.

a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

8 Name of related party

Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.

11 If one of the exceptions below applies to the disposition, check the applicable box:

a ☐ The disposition was after the death of either of the related parties.b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

12	Fair market value (FMV) of other property given up	12	
13	Adjusted basis of other property given up	13	
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions	15	
16	FMV of like-kind property you received	16	434,380.
17	Add lines 15 and 16	17	434,380.
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions	18	19,392.
19	Realized gain or (loss). Subtract line 18 from line 17	19	414,988.
20	Enter the smaller of line 15 or line 19, but not less than zero	20	
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions	22	NONE
23	Recognized gain. Add lines 21 and 22	23	NONE
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	414,988.
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	19,392.

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Attachment

Sequence No. 49

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to your tax return.

Use a separate form for each like-kind exchange.

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

- 1 Description of like-kind property given up **GREEN RIVER DEVELOPMENT (LAND ONLY 451.438 ACRES)**
- 2 Description of like-kind property received **317 S GRAHAM ST. (LAND ONLY .24 ACRES)**
- 3 Date like-kind property given up was originally acquired (month, day, year) **3 08/10/94**
- 4 Date you actually transferred your property to other party (month, day, year) **4 09/21/95**
- 5 Date the like-kind property you received was identified (month, day, year). See instructions **5 10/27/95**
- 6 Date you actually received the like-kind property from other party (month, day, year) **6 01/16/95**
- 7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.
a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

- 8 Name of related party _____ Related party's identifying number _____
- Address (no., street, and apt., room, or suite no.) _____
- City or town, state, and ZIP code _____ Relationship to you _____
- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No
- If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.
- 11 If one of the exceptions below applies to the disposition, check the applicable box:
- a ☐ The disposition was after the death of either of the related parties.
- b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

12 Fair market value (FMV) of other property given up	12	
13 Adjusted basis of other property given up	13	
14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions	15	
16 FMV of like-kind property you received	16	434,380.
17 Add lines 15 and 16	17	434,380.
18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions	18	4,835.
19 Realized gain or (loss). Subtract line 18 from line 17.	19	429,545.
20 Enter the smaller of line 15 or line 19, but not less than zero	20	
21 Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions	21	
22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions	22	NONE
23 Recognized gain. Add lines 21 and 22	23	NONE
24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	429,545.
25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	4,835.

For Paperwork Reduction Act Notice, see separate instructions.

Form 8824 (1995)

AS ORIGINALLY FILED

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to your tax return.

Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

- 1 Description of like-kind property given up **PORTION OF POPE RD RETAIL - LAND ONLY**
18.47 ACRES
- 2 Description of like-kind property received **317 S GRAHM ST (LAND ONLY - 24 ACRES)**
- | | | |
|--|---|----------|
| 3 Date like-kind property given up was originally acquired (month, day, year) | 3 | 09/01/88 |
| 4 Date you actually transferred your property to other party (month, day, year) | 4 | 09/22/95 |
| 5 Date the like-kind property you received was identified (month, day, year). See instructions | 5 | 10/27/95 |
| 6 Date you actually received the like-kind property from other party (month, day, year) | 6 | 01/06/95 |
- 7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.
a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

8 Name of related party

Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No
- If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.

- 11 If one of the exceptions below applies to the disposition, check the applicable box:

- a ☐ The disposition was after the death of either of the related parties.
- b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

12 Fair market value (FMV) of other property given up	12	
13 Adjusted basis of other property given up	13	
14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions	15	
16 FMV of like-kind property you received	16	434,380.
17 Add lines 15 and 16	17	434,380.
18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions	18	11,015.
19 Realized gain or (loss). Subtract line 18 from line 17	19	423,365.
20 Enter the smaller of line 15 or line 19, but not less than zero	20	
21 Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions	21	
22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions	22	NONE
23 Recognized gain. Add lines 21 and 22	23	NONE
24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	423,365.
25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	11,015.

For Paperwork Reduction Act Notice, see separate instructions.

AS ORIGINALLY FILED

Form 8824 (1995)

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

▶ Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

- 1 Description of like-kind property given up ▶ LINCOLN BUSINESS OFFICE (1.88 ACRES LAND AND BUILDING)
- 2 Description of like-kind property received ▶ SECOND & GRAHAM ST (LAND ONLY .44 ACRES)
- 3 Date like-kind property given up was originally acquired (month, day, year) 3 11/18/64
- 4 Date you actually transferred your property to other party (month, day, year) 4 10/03/95
- 5 Date the like-kind property you received was identified (month, day, year). See instructions 5 10/27/95
- 6 Date you actually received the like-kind property from other party (month, day, year) 6 11/22/95
- 7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.
- a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

- 8 Name of related party

Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No
- If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.
- 11 If one of the exceptions below applies to the disposition, check the applicable box:
- a ☐ The disposition was after the death of either of the related parties.
- b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

- 12 Fair market value (FMV) of other property given up 12
- 13 Adjusted basis of other property given up 13
- 14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale 14
- 15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions 15
- 16 FMV of like-kind property you received 16 817,106.
- 17 Add lines 15 and 16 17 817,106.
- 18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions 18 207,004.
- 19 Realized gain or (loss). Subtract line 18 from line 17. 19 610,102.
- 20 Enter the smaller of line 15 or line 19, but not less than zero 20
- 21 Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions 21
- 22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions 22 NONE
- 23 Recognized gain. Add lines 21 and 22 23 NONE
- 24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions 24 610,102.
- 25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23 25 207,004.

SA For Paperwork Reduction Act Notice, see separate instructions.

Form 8824 (1995)

AS ORIGINAL

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

▶ Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

1 Description of like-kind property given up ▶ BLACKSBURG BUSINESS OFFICE (2.02 ACRES)

LAND AND BUILDING

2 Description of like-kind property received ▶ 301 S MINT ST. LAND ONLY .602 ACRES

3 Date like-kind property given up was originally acquired (month, day, year) 3 01/27/67

4 Date you actually transferred your property to other party (month, day, year) 4 09/19/95

5 Date the like-kind property you received was identified (month, day, year). See instructions 5 10/05/95

6 Date you actually received the like-kind property from other party (month, day, year) 6 01/02/95

7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.

a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

8 Name of related party

Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.

11 If one of the exceptions below applies to the disposition, check the applicable box:

a ☐ The disposition was after the death of either of the related parties.b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

12	Fair market value (FMV) of other property given up	12	
13	Adjusted basis of other property given up	13	
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions	15	68,164.
16	FMV of like-kind property you received	16	978,931.
17	Add lines 15 and 16	17	1,047,095.
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions	18	48,942.
19	Realized gain or (loss). Subtract line 18 from line 17	19	998,153.
20	Enter the smaller of line 15 or line 19, but not less than zero	20	68,164.
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions	22	68,164.
23	Recognized gain. Add lines 21 and 22	23	68,164.
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	929,989.
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	48,942.

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to your tax return.

Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

1 Description of like-kind property given up COWANS FORD-CONLEY LAND SALE 12.447

ACRES

2 Description of like-kind property received 301 S MINT ST (LAND ONLY .602 ACRES)

3 Date like-kind property given up was originally acquired (month, day, year) 3 01/24/66

4 Date you actually transferred your property to other party (month, day, year) 4 07/10/95

5 Date the like-kind property you received was identified (month, day, year). See instructions 5 08/18/95

6 Date you actually received the like-kind property from other party (month, day, year) 6 01/02/95

7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.

a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

8 Name of related party

Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.

11 If one of the exceptions below applies to the disposition, check the applicable box:

a ☐ The disposition was after the death of either of the related parties.b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

12	Fair market value (FMV) of other property given up	12	
13	Adjusted basis of other property given up	13	
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions	15	
16	FMV of like-kind property you received	16	978,932.
17	Add lines 15 and 16	17	978,932.
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions	18	11,993.
19	Realized gain or (loss). Subtract line 18 from line 17	19	966,939.
20	Enter the smaller of line 15 or line 19, but not less than zero	20	
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions	22	NONE
23	Recognized gain. Add lines 21 and 22	23	NONE
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	966,939.
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	11,993.

JSA For Paperwork Reduction Act Notice, see separate instructions.

ORIGINAL

Form 8824 (1995)

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Attachment

Sequence No. 49

Identifying number

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to your tax return.

Use a separate form for each like-kind exchange.

Name(s) shown on tax return

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

- 1 Description of like-kind property given up **HIGHPOINT BUSINESS OFFICE 23 ACRES**
LAND AND BUILDING
- 2 Description of like-kind property received **301 S MINT ST (LAND ONLY) 602 ACRES**
- 3 Date like-kind property given up was originally acquired (month, day, year) **3 07/01/32**
- 4 Date you actually transferred your property to other party (month, day, year) **4 07/18/95**
- 5 Date the like-kind property you received was identified (month, day, year). See instructions **5 08/18/95**
- 6 Date you actually received the like-kind property from other party (month, day, year) **6 01/02/95**
- 7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.
a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

- 8 Name of related party Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No
- If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.
- 11 If one of the exceptions below applies to the disposition, check the applicable box:
a ☐ The disposition was after the death of either of the related parties.
b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

- 12 Fair market value (FMV) of other property given up **12**
- 13 Adjusted basis of other property given up **13**
- 14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale **14**
- 15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions **15**
- 16 FMV of like-kind property you received **16 978,932.**
- 17 Add lines 15 and 16 **17 978,932.**
- 18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions **18 33,442.**
- 19 Realized gain or (loss). Subtract line 18 from line 17 **19 945,490.**
- 20 Enter the smaller of line 15 or line 19, but not less than zero **20**
- 21 Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions **21**
- 22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions **22 NONE**
- 23 Recognized gain. Add lines 21 and 22 **23 NONE**
- 24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions **24 945,490.**
- 25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23 **25 33,442.**

JSA For Paperwork Reduction Act Notice, see separate instructions.

AS ORIGINALLY FILED

Form 8824 (1995)

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

▶ Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

1 Description of like-kind property given up ▶ MORNING STAR LOT 8.9 ACRES LAND ONLY

2 Description of like-kind property received ▶ 30S S MINT ST LAND ONLY .602 ACRES

3 Date like-kind property given up was originally acquired (month, day, year) 3 02/01/80

4 Date you actually transferred your property to other party (month, day, year) 4 08/22/95

5 Date the like-kind property you received was identified (month, day, year). See instructions 5 10/04/95

6 Date you actually received the like-kind property from other party (month, day, year) 6 01/12/95

7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.

a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

8 Name of related party

Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.

11 If one of the exceptions below applies to the disposition, check the applicable box

a ☐ The disposition was after the death of either of the related parties.b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

12	Fair market value (FMV) of other property given up	12	
13	Adjusted basis of other property given up	13	
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions	15	
16	FMV of like-kind property you received	16	978,932.
17	Add lines 15 and 16	17	978,932.
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions	18	44,500.
19	Realized gain or (loss). Subtract line 18 from line 17	19	934,432.
20	Enter the smaller of line 15 or line 19, but not less than zero	20	
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions	22	NONE
23	Recognized gain. Add lines 21 and 22	23	NONE
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	934,432.
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	44,500.

54 For Paperwork Reduction Act Notice, see separate instructions.

AS ORIGINALLY FILED

Form 8824 (1995)

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to your tax return.

Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

- 1 Description of like-kind property given up **ELKIN OP CENTER 3.70 ACRES LAND & BLDG**
- 2 Description of like-kind property received **301 S MINT ST (LAND ONLY .602 ACRES)**
- 3 Date like-kind property given up was originally acquired (month, day, year) **3 01/09/60**
- 4 Date you actually transferred your property to other party (month, day, year) **4 09/08/95**
- 5 Date the like-kind property you received was identified (month, day, year). See instructions **5 10/04/95**
- 6 Date you actually received the like-kind property from other party (month, day, year) **6 01/02/95**
- 7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.
- a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

- 8 Name of related party _____ Related party's identifying number _____
- Address (incl. street, and apt., room, or suite no.) _____
- City or town, state, and ZIP code _____ Relationship to you _____
- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No
- If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.
- 11 If one of the exceptions below applies to the disposition, check the applicable box:
- a ☐ The disposition was after the death of either of the related parties.
- b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

12 Fair market value (FMV) of other property given up	12	
13 Adjusted basis of other property given up	13	
14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions	15	
16 FMV of like-kind property you received	16	978,932.
17 Add lines 15 and 16	17	978,932.
18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions	18	60,434.
19 Realized gain or (loss). Subtract line 18 from line 17	19	918,498.
20 Enter the smaller of line 15 or line 19, but not less than zero	20	
21 Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions	21	
22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions	22	NONE
23 Recognized gain. Add lines 21 and 22	23	NONE
24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	918,498.
25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	60,434.

Form 8824

Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

OMB No. 1545-1190

1995

Department of the Treasury
Internal Revenue Service

See separate instructions.

Attach to your tax return.

Use a separate form for each like-kind exchange.

Attachment

Sequence No. 49

Name(s) shown on tax return

Identifying number

DUKE POWER COMPANY

56-0205520

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real property located outside the United States, indicate the country.

- 1 Description of like-kind property given up **GASTONIA BUSINESS OFFICE (1.56 ACRES LAND & BLDG)**
- 2 Description of like-kind property received **SECOND & GRAHAM ST (LAND ONLY .44 ACRES)**
- 3 Date like-kind property given up was originally acquired (month, day, year) **3 12/07/78**
- 4 Date you actually transferred your property to other party (month, day, year) **4 10/04/95**
- 5 Date the like-kind property you received was identified (month, day, year). See instructions **5 10/27/95**
- 6 Date you actually received the like-kind property from other party (month, day, year) **6 01/19/95**
- 7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.
- a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☒ No.

Part II Related Party Exchange Information

B Name of related party Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No
- If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If either line 9 or line 10 is "Yes," the deferred gain or (loss) from line 24 must be reported on your return this tax year, unless one of the exceptions on line 11 applies. See Related Party Exchanges in the instructions.
- 11 If one of the exceptions below applies to the disposition, check the applicable box:
- a ☐ The disposition was after the death of either of the related parties.
- b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor this disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see instructions under Multi-Asset Exchanges.

Note: Complete lines 12 through 14 ONLY if you gave up property that was not like-kind. Otherwise, go to line 15.

- 12 Fair market value (FMV) of other property given up **12**
- 13 Adjusted basis of other property given up **13**
- 14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale **14**
- 15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions **15 45,456.**
- 16 FMV of like-kind property you received **16 817,106.**
- 17 Add lines 15 and 16 **17 862,562.**
- 18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions **18 566,321.**
- 19 Realized gain or (loss). Subtract line 18 from line 17. **19 296,241.**
- 20 Enter the smaller of line 15 or line 19, but not less than zero **20 45,456.**
- 21 Ordinary income under recapture rules. Enter here and on Form 4797, line 17. See instructions **21 45,456.**
- 22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions **22 NONE**
- 23 Recognized gain. Add lines 21 and 22 **23 45,456.**
- 24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions **24 250,785.**
- 25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23 **25 566,321.**

FORM 1120, PAGE 1 DETAIL

LINE 5 - INTEREST INCOME

INTEREST INCOME	41,050,817.
AFUDC INTEREST	-36,986,869.
INTEREST INCOME - NC ENTERPRISE FUND K-1	74,610.
INT INCOME- NON-QUALIFIED DECOMMISSIONING TRUST	208,266.
INTEREST INCOME ON FEDERAL TAX REFUND	-1,697,291.
INTEREST ON LOAN ASSISTANCE RESERVE	326,984.
INTEREST INCOME-PALMETTO SEED CAPITAL PARTNERSHIP	31,116.
TOTAL	3,007,633.

LINE 10 - OTHER INCOME

REGULATORY DEFERRALS	87,162,336.
MISCELLANEOUS INCOME	-24,124.
IRC 481 ADJ FOR INVENTORY & CAPITAL SPARE PARTS	1,755,355.
RETURN ON DEFERRED DSM	-6,478,589.
RETURN ON DEFERRED PURCHASED CAPACITY	-78,965,949.
RETURN ON DEFERRED EMISSION ALLOWANCES	-1,717,798.
OTHER INCOME - PALMETTO SEED CAPITAL PARTNERSHIP	27,695.
BELLSOUTH FEE INCOME	210,439.
TOTAL	1,969,365.

STATEMENT 1

AS ORIGINALLY FILED

FORM 1120, PAGE 1 DETAIL

LINE 17 - TAXES AND LICENSES

NC PROPERTY	47,699,449.
CAPITALIZED PROP TAXES ON NON-TRANSITION PROPERTY	-1,194,330.
NC CITY CHAIN STORE	5,255.
NC FRANCHISE	88,323,786.
NC INTANGIBLES	-110,253.
NC INDUSTRIAL COMMISSION	407,599.
NC UNEMPLOYMENT	33,515.
SC PROPERTY	48,385,393.
SC CITY, BUS, CHAIN STORE LICENSE	10,006.
SC FRANCHISE	6,103,847.
SC KILOWATT HOUR	5,001,062.
SC PUBLIC SERVICE	1,205,294.
SC GREENWOOD	1,112.
SC INDUSTRIAL COMMISSION	299,726.
SC UNEMPLOYMENT	350,849.
FED. HIGHWAY USE	61,528.
FED. UNEMPLOYMENT	646,389.
OTHER TAXES	2,947.
FUEL TAX CREDIT	-82,004.
FED. MFG VEHICLE EXCISE TAX	-27,019.
FED. SOCIAL SECURITY	45,921,653.
NC INCOME	60,062,515.
SC INCOME	18,402,897.
GA INCOME TAXES	42,715.
STATE & LOCAL INCOME TAXES	-78,508,127.
ACCRUED STATE TAXES FOR GEORGIA	86,355.
ACCRUED STATE TAXES FOR NORTH CAROLINA	58,437,397.
ACCRUED STATE TAXES FOR SOUTH CAROLINA	16,793,214.
ENVIRONMENTAL TAX	970,729.
TOTAL	319,333,499.

STATEMENT 2

AS ORIGINALLY FILED

FORM 1120, PAGE 1 DETAIL

CURRENT YEAR CONTRIBUTIONS

CONTRIBUTIONS	-406,044.
CONTRIBUTIONS	9,719,135.
CONTRIBUTIONS- NC NATURE CONSERVACY	-375,000.
CONTRIBUTIONS- DIRECTORS CHARITABLE GIVING PROGRAM	-1,000,000.
UNALLOWABLE CONTRIBUTION TO DPC FOUNDATION	-23,440.
TOTAL	7,914,651.

LINE 26 - OTHER DEDUCTIONS

ELECTRIC-BOOK ONLY	76,184,622.
G & A - BOOK ONLY	129,844,597.
WATER-BOOK ONLY	340,946
MERCHANDISING-BOOK ONLY	10,299,039
MISCELLANEOUS-OTHER BOOK EXPENSES	86,120,903.
BOND LOSS AMORTIZATION	-11,150,661.
PENALTIES	-14,630.
AMORTIZATION OF STARTUP EXPENSE - CLAIBORNE	25,499.
AMORTIZATION OF ACQUISITION ADJUSTMENT	-358,809
AMORT. OF CAPITALIZED REAL PROPERTY TAXES	25,574
MISCELLANEOUS EXPENSES - NC ENTERPRISE FUND - K-1	44,481
AMORT. OF GREENSBORO TRANSIT NOTE	88,632.
COAL CONTRACT TERMINATION COSTS	23,024,790.
AMORTIZATION OF DEFERRED PURCHASE CAPACITY	-45,816,702
DISALLOWANCE OF 50% M&E	-2,753,323
LIFE INSURANCE PROCEEDS CREDITED TO EXPENSE	449,457
ESOP CASH DIV. PAID	365,960
DSOP CONTRIBUTIONS	-97,239
DSOP PAYOUTS	140,331
CONTRIBUTIONS - QUALIFIED DECOMMISSIONING FUND	37,056,000
EXPENSES - NON-QUALIFIED DECOMMISSIONING TRUST	219,466
LOAN ASSISTANCE RESERVE	-6,862
INJURIES & DAMAGES	-13,500,000
ADMITTED LIABILITIES	2,092,707
ENVIRONMENTAL RESERVE	-1,731,192
EMPLOYEE DIRECTORS - DEFERRED COMPENSATION	-99,204
PAYOUT-EMPLOYEE DIRECTORS DEFERRED COMPENSATION	701,200
INT ON DEFERRED COMP - EMPLOYEE DIRECTORS	-776,848
PROP. INSURANCE RESERVE - NUCLEAR	-8,185,905
CUST. BILLING CREDITS/ INCENT PYMNTS - DSM COSTS	18,752,177
TAX OVER BOOK EXPENSE - SPENT FUEL CANISTERS	52,053
BOOK EXPENSE OF EXECUTIVE 15 PLAN	-719,472
PAYOUTS OF EXECUTIVE 15 PLAN	103,747
BOOK EXP-NON-EMPLOYEES DIRECTORS DEFERRED COMP	-176,834
PAYOUTS OF NON-EMPLOYEES DIRECTORS DEFERRED COMP	546,142
BOOK EXPENSE - SUPP. DEFINED CONTRIBUTION PLAN	-3,194,098
PAYOUTS OF SUPPLEMENTAL DEFINED CONTRIBUTION PLAN	619,468

CONTINUED ON NEXT PAGE

STATEMENT 3

AS ORIGINALLY FILED

FORM 1120, PAGE 1 DETAIL

LINE 26 - OTHER DEDUCTIONS (CONT'D)

BOOK EXPENSE-SUPPLEMENTAL SECURITY PLAN (SSP)	-4,891,314.
PAYOUTS OF SUPPLEMENTAL SECURITY PLAN (SSP)	2,759,485.
MCGUIRE RADIOACTIVE WASTE DISPOSAL COST ACCRUAL	-297,000.
COST OF REMOVAL	11,826,093.
MISC. DEDUCTIONS-PALMETTO SEED CAPITAL FUND LTD.	35,879.
DISALLOWED CIVIC, POLITICAL & LOBBYING EXP	-1,326,419.
PAYMENT FOR NFL PSL TICKETS	22,569.
SELF-DEVELOPED SOFTWARE- BOOK OVER TAX	-1,616,145.
BOOK WRITE-OFF- SURPLUS INVENTORY	-16,000,000.
AMORTIZATION-COMPUTER SOFTWARE	62,100.
LOSS ON BOND REDEMPTION	6,021,450.
DEFERRED INCOME TAXES	-10,090,316.
ELIMINATE INVESTMENT TAX CREDIT	11,105,894.
ELIMINATE BOOK DECOMMISSIONING RESERV	-57,370,941.
SECTION 189 INTEREST AMORTIZATION	692,384.
TOTAL	239,449,731.

FORM 1120, PAGE 2 DETAIL

SCH A, LINE 5 - OTHER COSTS

PURCHASE POWER	422,991,004.
STEAM	61,887,701.
NUCLEAR	168,374,443.
HYDRO	17,357,874.
COMBUSTION TURBINE	1,060,702.
TRANSMISSION	17,145,746.
DISTRIBUTION	56,282,198.
WATER	2,047,413.
FUEL	556,160,284.
MERCHANDISE	33,977,029.
COGS - OTHER	-2,436,958.
TAX OVER BOOK OF COAL CONSUMED	-9,135,643.
FLY ASH RESERVE	-1,147,103.
REVERSAL OF PRIOR YEAR CATAWBA BILLING TRUE-UP	-23,502,967.
1995 CATAWBA ACCRUAL BILLING TRUE-UPS	1,811,085.
TOTAL OTHER COGS / COOP	1,302,872,808.

SCH C, LINE 1 - DIVIDENDS SUBJECT TO 70% DEDUCTION

PARTNERSHIP DIVIDEND INC	11,944.
DIVIDEND INC - NQ DECOMM.	1,335,481.
PARTNERSHIP DIVIDEND INC- PALMETTO SEED CAPITAL	18,535.
TOTAL	1,365,960.

SCH E - COMPENSATION OF OFFICERS

NAME	STREET ADDRESS	CITY, STATE, AND ZIP	TITLE	SOC SEC #	%DEV	%COM	%PREF	COMPENSATION AMOUNT	EXPENSE ACCOUNT
WILLIAM H. GRIGG	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	CEO	242-44-5627				865,975.	
RICHARD D. PRIORY	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	PRES	136-36-8703				522,855.	
WILLIAM A. COLEY	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	PRES	240-62-5433				439,949.	
STEVE C. GRIFFITH, JR.	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VCHR	248-58-8700				446,751.	
RICHARD OSBORNE	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	SRVP	244-74-9841				298,785.	
DONALD DENTON, JR.	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	SRVP	157-26-5779				293,941.	
FRED E. WEST, JR.	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	247-50-4492				587,138.	
MICHAEL TUCKMAN	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	SRVP	264-68-2377				279,923.	
EXCELL FERRELL, III	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	240-68-5155				320,167.	
WILLIAM R. STEWART	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	338-24-9601				202,954.	
ROBERT S. LILLEN	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	239-72-6358				261,023.	
JIMMY R. HICKS	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	560-62-6349				303,622.	
JOHN F. LOMAX	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	250-50-3676				254,442.	
RUTH G. SHAW	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	SRVP	244-82-2006				251,551.	
ELLEN T. RUFF	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	SECY	046-42-3578				211,100.	
MAURICE MCINTOSH	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	244-58-8877				194,496.	
T. C. MCMEEKIN	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	570-68-8799				208,113.	
JAMES E. GROGAN	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	251-46-0092				166,468.	
JAMES HAMPTON	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	251-52-1775				177,969.	
JAMES O. KINTON	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	237-88-5648				178,281.	
DAVID L. HAUSER	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	245-88-5895				184,596.	
J. W. HILLHOUSE, JR.	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	249-66-4496				214,164.	
JOHN P. HOLLAND	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	239-50-2250				151,601.	
RONALD L. GIBSON	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	250-86-3262				172,049.	

CONTINUED ON NEXT PAGE

5349

DES00013608

SCH E - COMPENSATION OF OFFICERS (CONT'D)

WILLIAM F. REINKE	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	397-34-1515	182,387.
DONALD E. HATLEY	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	243-68-4575	133,607.
CHRISTOPHER ROLFE	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	223-68-2957	141,291.
SHARON A. DECKER	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	244-08-8240	170,440.
BARBARA B. ORR	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	242-92-1674	130,947.
F. ALFRED JENKINS	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	238-68-3926	148,450.
DAVID H. MANER	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	213-48-3445	152,601.
SHERWOOD L. LOVE	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	ATRE	224-64-3481	112,383.
SUE A. BECHT	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	TREA	463-70-9548	103,415.
CECIL O. SMITH	422 S. CHURCH STREET	CHARLOTTE, NC 28242	VP	237-72-4048	254,823.
VIRGINIA M. BRITTON	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	ACON	245-64-3249	90,878.
JEFFREY L. BOYER	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	CTLR	246-98-8382	92,865.
ROBERT T. LUCAS, III	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	ASEC	240-78-1342	82,467.
PHYLLIS T. SIMPSON	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	ASEC	243-62-5852	78,780.
WILLIAM R. MCCOLLUM, JR.	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	VP	409-92-9741	140,916.
CAROL D. GENTON	422 SOUTH CHURCH STREET	CHARLOTTE, NC 28242-0001	ASEC	248-66-7579	50,414.
					9,254,575.

5350

DES00013609

FORM 1120, PAGE 4 DETAIL

SCH L, LINE 6 - OTHER CURRENT ASSETS	BEGINNING	ENDING
LOAN ASSISTANCE	5,488,829.	5,824,018.
PREPAYMENTS	92,712,510.	93,040,434.
INTEREST RECEIVABLE	82,007.	85,755.
TOTAL	98,283,346.	98,950,207.
SCH L, LINE 9 - OTHER INVESTMENTS		
GT&W	-35,883.	-190,381.
CLAIBORNE ENERGY SERVICES, INC.	500,000.	500,000.
DUKE ENGINEERING & SERVICES	17,758,741.	42,203,607.
NANTAHALA POWER	53,340,984.	57,377,639.
WATEREE POWER	1,000.	1,000.
MILL POWER	7,600,865.	4,679,568.
CRESCENT LAND & TIMBER	156,468,671.	195,075,561.
EASTOVER LAND AND MINING	3,941,006.	60,540.
WESTERN FUEL	500.	500.
CHURCH STREET CAPITAL CORP	172,256,585.	78,445,894.
DUKE ENERGY GROUP, INC. INC	105,984,315.	139,608,439.
ACCTS. PAYABLE, ASSOC. COMPANIES	-18,238,208.	-15,077,817.
CASH SURRENDER VALUE	5,185,054.	10,004,198.
OTHER	2,739,642.	2,646,890.
DUKENET COMMUNICATIONS, INC	479,129.	44,744,926.
DUKE COAL PROJECT SERVICES GROUP		144,531.
TOTAL	507,982,401.	560,225,095.
SCH L, LINE 14 - OTHER ASSETS		
DEFERRED TAXES	512,446,012.	551,915,673.
UNAMORTIZED DISCOUNTS ON DEBT	6,159,706.	5,885,910.
PRELIMINARY SURVEY & INVESTIGATION	1,344,395.	2,692,357.
UNAMORTIZED LOSS ON REACQUIRED DEBT	180,146,757.	175,044,479.
CLEARING	1,619,209.	4,744,450.
OTHER	1,000,355,807.	1,072,715,181.
REGULATORY ASSETS	1,044,952,003.	1,028,143,791.
TOTAL	2,747,023,889.	2,841,141,841.

FORM 1120, PAGE 4 DETAIL

	BEGINNING	ENDING
SCH L, LINE 18 - OTHER CURRENT LIABILITIES	-----	-----
SHORT-TERM OBLIGATIONS	98,537,732.	127,198,377.
CUSTOMER DEPOSITS	15,769,670.	15,885,614.
TAXES ACCRUED	22,961,055.	27,740,677.
INTEREST ACCRUED	72,017,069.	73,414,776.
OTHER	101,248,838.	122,988,142.
DIVIDENDS	2,512,961.	3,131,516.
TOTAL	313,047,325.	370,359,102.
SCH L, LINE 21 - OTHER LIABILITIES	-----	-----
LONG-TERM OBLIGATIONS	3,985,878,847.	3,997,538,525.
FEDERAL INVESTMENT TAX CREDIT	271,254,193.	260,148,299.
OTHER DEFERRED CREDITS	417,463,051.	551,703,670.
RESERVE FOR INJURIES & DAMAGES	47,569,565.	61,069,565.
DEFERRED TAXES	2,832,389,083.	2,892,900,375.
PROPERTY INSURANCE RESERVE	74,537,446.	82,723,351.
MISCELLANEOUS OPERATING RESERVES	36,663,063.	44,012,901.
TOTAL	7,665,755,248.	7,890,096,686.
SCH L, LINE 24 - RETAINED EARNINGS - APPROPRIATED	-----	-----
APPROPRIATED RETAINED EARNINGS	2,038,171.	2,543,254.
TOTAL	2,038,171.	2,543,254.

FORM 1120, PAGE 4 DETAIL

SCH M-1, LINE 4 - TAXABLE INCOME NOT RECORDED ON BOOKS THIS YEAR

GAIN OR LOSS ON DISPOSITION OF ASSETS	210,742.
LOAN ASSISTANCE RESERVE	333,846.
PARTNERSHIP ITEMS PER K-1 PALMETTO SEED CAPITAL	42,624.
PARTNERSHIP ITEMS PER K-1 NC ENTERPRISE FUND, LP	319,646.
DECOMMISSIONING FUND NON-QUALIFIED	2,398,547.
CONTRIBUTIONS IN AID OF CONSTRUCTION	4,118,735.
IRC 481 ADJUSTMENT FOR FUEL CLAUSE REVENUES	9,997,650.
IRC 481 ADJUSTMENT FOR INVENT & CAP. SPARE PARTS	1,755,355.
CURRENT YEAR CATAWBA BILLING TRUE-UP	1,311,017.
NANTAHALA ENERGY BANK	630,618.
PROVISION FOR RATE REFUND	4,000,000.
REVERSE BOOK AMOUNT OF 1994 CATAWBA SETTLEMENT	22,529,114.
BELLSOUTH FEE INCOME	210,439.
TOTAL	47,858,333.

SCH M-1, LINE 5 - EXPENSES ON BOOKS NOT DEDUCTED IN RETURN

STATE TAXES	3,191,161.
AMORTIZATION	17,591,682.
PENALTIES	14,630.
BOOK PROVISION FOR DEFERRED INCOME TAXES	10,090,316.
NUCLEAR FUEL BURN-UP EXPENSE PER BOOKS	188,162,056.
BOOK RESERVE FOR NUCLEAR DECOMMISSIONING COSTS	57,370,941.
CAPITALIZED INTEREST ON NON-TRANSITION PROPERTY	25,151,185.
CAPITALIZED PROPERTY TAX ON NON-TRANSITION PROP.	1,216,580.
INJURIES & DAMAGES	13,500,000.
EXEC. LIFE INSURANCE EXP	-449,457.
NON-EMPLOYEE DSOP PLAN	97,239.
DEFERRED COMP. INTEREST EMPLOYEE DIRECTORS	776,848.
EXECUTIVE 15 PLAN EXPENSE	719,472.
EXEC. 15 PLAN INTEREST	277,687.
DEFERRED COMP. EXPENSE NON-EMPLOYEE DIRECTORS	176,834.
DEFERRED COMP. INTEREST NON-EMPLOYEE DIRECTORS	516,043.
SSP EXPENSE	4,891,314.
OPEB EXPENSE PER BOOKS	38,815,367.
VACATION BANKING ACCRUAL	998,061.
NUCLEAR INSURANCE RESERVE	8,185,905.
UNALLOWABLE CIVIC AND POLITICAL EXPENSES	1,326,419.
FUEL TAX CREDIT	82,004.
EXECUTIVE SDOP DEFERRAL	4,100,570.
UNALLOWABLE DK FOUNDATION CONTRIBUTION	23,440.
BOOK OVER TAX OF COAL CONSUMED	1,460,713.
AMORTIZATION OF WESTMORE- LAND COAL CONTRACT BUYOUT	7,674,930.
BOOK WRITE OFF OF SURPLUS INVENTORY	16,000,000.
INTEREST EXPENSE ON PRIOR YEAR TAXES	15,000,000.
RESERVE FOR FLY ASH	1,147,103.

CONTINUED ON NEXT PAGE

STATEMENT 10

AS ORIGINALLY FILED

5353

DES00013612

FORM 1120, PAGE 4 DETAIL

SCH M-1, LINE 5 - EXPENSES ON BOOKS NOT DEDUCTED IN RETURN (CONT'D)

DIRECTORS CHARITABLE GIVING PROGRAM	2,000,000.
BOOK RESERVE FOR ENVIRONMENTAL DAMAGES	1,731,192
EMPLOYEE DIRECTORS DEFERRED COMPENSATION	99,204
BOOK OVER TAX PENSION EXP	1,109,058
PAYOUTS OF SUPP. DEFINED CONTRIBUION PLAN (SDCP)	3,194,098.
MCGUIRE RADIOACTIVE WASTE DISPOSAL COST ACCRUAL	297,000.
BOOK OVER TAX - SELF DEVELOPED SOFTWARE	1,616,145.
PURCHASE CAPACITY DEFERRAL	45,816,702
CONTRIBUTION-NC NATURE CONSERVANCY	375,000

TOTAL

474,347,442.

SCH M-1, LINE 7 - INCOME ON BOOKS NOT INCLUDED IN THIS RETURN

GAIN OR LOSS ON DISPOSITION OF ASSETS	5,819,593
UNBILLED REVENUES	8,867,548.
AFUDC INTEREST INCOME	36,986,869.
EQUITY EARNINGS OF SUBS	48,554,768.
RETURN ON PURCHASED CAPACITY LEVELIZATION	78,965,949
EXEC. LIFE INSURANCE GAIN	756,642
RETURN ON DEFERRED EMISSION ALLOWANCES	1,717,798
FASB REQUIRED IMPUTED INTEREST - WESTINGHOUSE	3,993,726.
INTEREST ON FEDERAL INCOME TAX REFUND	1,697,291.
REVERSAL OF 1994 CATAWBA BILLING TRUE-UP	9,149,167.
RETURN ON DEFERRED DSM COSTS	6,478,589
UNBILLED FUEL CLAUSE REVENUES	23,284,367
REVERSAL OF CATAWBA TRANSMISSION LOSS RESERVE	2,375,206

TOTAL

228,647,513.

SCH M-1, LINE 8 - DEDUCTIONS IN RETURN NOT CHARGED AGAINST BOOK

BAD DEBTS	285,031
AMORTIZATION	743,457
LOSS ON BOND REDEMPTION	6,021,450.
FRANCHISE TERMINATION EXP FOR GREENSBORO TRANSIT	88,632
AMOUNTS PAID ON TAX OPERATING LEASES	1,474,209
COST OF REMOVAL	11,826,093
CONTRIBUTIONS TO NUCLEAR DECOMM. QUALIFIED FUND	37,056,000
ESOP DIVIDEND DISTRIB.	365,960
INTEREST ON EXECUTIVE LIFE INSURANCE POLICIES	11,455,610.
PAYOUTS - DEFERRED COMP. EMPLOYEE DIRECTORS	701,200
PAYOUTS - EXEC. 15 PLAN	103,747
PAYOUTS - DEFERRED COMP. NON-EMPLOYEE DIRECTORS	546,142
PAYOUTS - SOCP	619,468
PAYOUTS - SSP	2,759,485

CONTINUED ON NEXT PAGE
AS ORIGINALLY FILED

STATEMENT 11

FORM 1120, PAGE 4 DETAIL

SCH M-1, LINE 8 - DEDUCTIONS IN RETURN NOT CHARGED AGAINST BOOK (CONT'D)

TAX OPEB EXPENSE	33,529,609.
REPAIR ALLOWANCE FOR PRE-ACRS ASSETS	10,339,114.
INTEREST EXPENSE ON LIABILITY FOR DOE CLEANUP	2,701,219.
TAX INVENTORY SPARE PARTS USED IN REPAIR WORK	519,601.
CUSTOMER BILLING CREDITS DEFERRED FOR REGULATORY	18,752,177.
INVESTMENT TAX CREDIT	11,105,894.
ADMITTED LIABILITIES	2,092,707.
NC FRANCHISE TAX	847.
WESTMORELAND COAL CONTRACT TERM COSTS	23,024,790.
PAYOUTS OF DSOP PLAN	140,331.
PAYOUT- DEFERED DIRECTORS CHARITABLE GIVING PROGRA	1,000,000.
SPENT FUEL CANISTERS	52,053.
PAYMENTS FOR NFL PSL TICKETS	22,569.
CAPITALIZED FRINGE BENEFITS	1,581,223.
DEFERRED CHARGES	62,100.
TOTAL	178,970,718.

SCH M-2 LINE 3 - OTHER INCREASES

TAX BENEFIT OF ESOP DIVIDEND	145,088.
TOTAL	145,088.

SCH M-2, LINE 6 - OTHER DECREASES

CALL PREMIUM ON RETIRED PREFERRED	3,516,429.
TRANSFER TO APPROPRIATED R/E- HYDRO RELICENSING	505,083.
COST OF CAPITAL STOCK TRANSACTIONS	193,564.
TOTAL	4,215,076.

SCHEDULE D DETAIL

LINE 1 - SHORT-TERM CAPITAL GAIN(LOSS)

PROPERTY	DATE ACQ	DATE SLD	SALES PRICE	COST	GAIN(LOSS)
PALMETTO SEED K-1	VAR	VAR	2,389.		2,389
NC ENTERPRISE FUND K-1	VAR	VAR	29,467.		29,467
DECOMMISSIONING TRUST	VAR	VAR	121,871.		121,871
TOTAL					153,727

LINE 6 - LONG-TERM CAPITAL GAIN(LOSS)

PROPERTY	DATE ACQ	DATE SLD	SALES PRICE	COST	GAIN(LOSS)
SALE OF BONDS	PRIOR 95	1995	188.		188
PALMETTO SEED K-1	VARIOUS	1995		1,232.	-1,232
NC ENTERPRISE FUND K-1	VARIOUS	1995	248,750.		248,750
DECOMMISSIONING TRUST	VARIOUS	1995		112,425.	-112,425
TOTAL					135,281

AS ORIGINALLY FILED

5356

DES00013615

FORM 4626 DETAIL

LINE 2E - BASIS ADJUSTMENT

	GAIN	LOSS
REGULAR		
SECTION 1231	127,585.	6,868,643.
ORDINARY		
PART III		
CASUALTY		
TOTAL REGULAR	127,585.	6,868,643.
AMT		
SECTION 1231	127,585.	6,868,643.
ORDINARY	2,506,678.	
PART III		
CASUALTY		
TOTAL AMT	2,634,263.	6,868,643.
TOTAL DIFFERENCE	2,506,678.	
BASIS ADJUSTMENT		2,506,678.

AS ORIGINALLY FILED

STATEMENT 14

DUKE POWER COMPANY

6-0205520

FORM 4826 DETAIL

LINE 4 - ACE CARRYOVER

	1990	1991	1992	1993	1994	1995
ACE				1,033,025,287.	790,724,022.	1,133,993,067.
AMTI				901,435,757.	673,753,644.	1,048,845,659.
ACE OVER AMTI				131,589,530.	116,970,378.	85,147,408.
AMTI OVER ACE						
75% ACE PREFERENCE ..				98,692,148.	87,727,784.	63,860,556.
75% ACE REDUCTION ..						
CARRYOVER CREATED ..				98,692,148.	87,727,784.	63,860,556.
PRIOR YR CARRYOVER (REDUCTION ALLOWED)				505,988,915.	604,681,063.	692,408,847.
CARRYOVER USED (REDUCTION CLAIMED)						
CARRYOVER REMAINING				604,681,063.	692,408,847.	756,269,403.

AS ORIGINALLY FILED

5358

DES00013617

ACE WORKSHEET DETAIL

LINE 9 - BASIS ADJUSTMENT

	GAIN	LOSS
AMT		

SECTION 1231	127,585.	6,868,643.
ORDINARY	2,506,678.	
PART III		
	-----	-----
TOTAL AMT	2,634,263.	6,868,643.
ACE		

SECTION 1231	127,585.	6,868,643.
ORDINARY		1,222,442.
PART III		
	-----	-----
TOTAL ACE	127,585.	8,091,085.
	-----	-----
TOTAL DIFFERENCE	-2,506,678.	-1,222,442.
	=====	=====

BASIS ADJUSTMENT

-3,729,120.
=====

FORM 4797, PAGE 1 DETAIL PART I

(A) DESCRIPTION OF PROPERTY	(B) DATE ACQUIRED	(C) DATE SOLD	(D) GROSS SALES PRICE	(E) DEPREC. ALLOWED	(F)	(G) LOSS	(H) GAIN
					COST OR OTHER BASIS PLUS IMPROV AND SALE EXPENSE		
REAL PROPERTY	VARIOUS	1995			3,836,392.	3,836,392.	
PERSONAL PROPERTY	VARIOUS	1995			1,983,201.	1,983,201.	
LAND SALES	VARIOUS	1995			-127,585.		127,585.
COMPUTERS	VARIOUS	1995			1,049,050.	1,049,050.	
PART I 4797 GAIN OR LOSS						6,868,643.	127,585.

5360

AS ORIGINALLY FILED

DES00013619

FEDERAL FOOTNOTE:

DUKE POWER COMPANY
ADR ELECTION

TAXPAYER ELECTS TO COMPUTE DEPRECIATION ON THE CLASS LIFE ASSET
DEPRECIATION RANGE SYSTEM FOR THE TAX YEAR 1995 IN ACCORDANCE WITH
SECTION 1.167(A)-11 OF THE REGULATIONS.

REPAIR ALLOWANCE ELECTION

TAXPAYER ELECTS REPAIR ALLOWANCE FOR GLC 49.14 IN ACCORDANCE WITH
SECTION 167(A)-11(F)(2)(V) OF THE REGULATIONS.

CLASS LIFE ELECTION

TAXPAYER ELECTS TO COMPUTE DEPRECIATION ON THE CLASS LIFE SYSTEM
FOR THE TAX YEAR 1994 IN ACCORDANCE WITH SECTION 1.167(A)-12 OF THE
REGULATIONS.

AS ORIGINALLY FILED

STATEMENT 18

FEDERAL FOOTNOTE:

ELECTION UNDER SECTION 468A

THESE ELECTIONS ARE MADE FOR THE TAXABLE YEAR 1995.
SEPARATE ELECTIONS ARE MADE TO COVER THE FOLLOWING NUCLEAR DECOMMISSIONING FUNDS:

NAME OF POWER PLANT	NUCLEAR DECOMMISSIONING TRUST FUND	EMPLOYER IDENTIFICATION NUMBER
OCONEE NUCLEAR STATION - UNIT 1 SENECA, S.C.	DUKE POWER COMPANY MASTER DECOMMISSIONING TRUST FOR OCONEE NUCLEAR STATION - UNIT 1	56-6373358

THE AMOUNT OF ACTUAL CASH PAYMENTS MADE TO THE NUCLEAR DECOMMISSIONING FUND DURING THE TAXABLE YEAR THAT WERE NOT TREATED AS DEEMED CASH PAYMENTS UNDER PARAGRAPH (C)(1) OF THE REGULATION 1.468A-2 FOR A PRIOR TAXABLE YEAR WERE \$ 4,251,667.

THE AMOUNT OF CASH PAYMENTS DEEMED MADE TO THE NUCLEAR DECOMMISSIONING FUND UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR THE TAXABLE YEAR ARE \$ 850,333.

THE COST OF SERVICE AMOUNT FOR THE TAXABLE YEAR IS \$10,481,000.
A SCHEDULE OF RULING AMOUNTS IS ATTACHED.

NAME OF POWER PLANT	NUCLEAR DECOMMISSIONING TRUST FUND	EMPLOYER IDENTIFICATION NUMBER
OCONEE NUCLEAR STATION - UNIT 2 SENECA, SC	DUKE POWER COMPANY MASTER DECOMMISSIONING TRUST FOR OCONEE NUCLEAR STATION - UNIT 2	56-6373365

THE AMOUNT OF ACTUAL CASH PAYMENTS MADE TO THE NUCLEAR DECOMMISSIONING FUND DURING THE TAXABLE YEAR THAT WERE NOT TREATED AS DEEMED CASH PAYMENTS UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR PRIOR TAXABLE YEAR WERE \$ 4,556,667.

THE AMOUNT OF CASH PAYMENTS DEEMED MADE TO THE NUCLEAR DECOMMISSIONING FUND UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR THE TAXABLE YEAR ARE \$ 911,333.

THE COST OF SERVICE AMOUNT FOR THE TAXABLE YEAR IS \$10,091,000.
A SCHEDULE OF RULING AMOUNTS IS ATTACHED.

NAME OF POWER PLANT	NUCLEAR DECOMMISSIONING TRUST FUND	EMPLOYER IDENTIFICATION NUMBER
OCONEE NUCLEAR STATION - UNIT 3 SENECA, SC	DUKE POWER COMPANY MASTER DECOMMISSIONING TRUST FOR OCONEE NUCLEAR STATION, UNIT 3	56-6373364

THE AMOUNT OF ACTUAL CASH PAYMENTS MADE TO THE NUCLEAR DECOMMISSIONING

FEDERAL FOOTNOTE: (CONT'D)

FUND DURING THE TAXABLE YEAR THAT WERE NOT TREATED AS DEEMED CASH PAYMENTS UNDER PARAGRAPH (C)(1) OF THE REGULATION 1.468A-2 FOR A PRIOR TAXABLE YEAR WERE \$ 6,311,667.

THE AMOUNT OF CASH PAYMENTS DEEMED MADE TO THE NUCLEAR DECOMMISSIONING FUND UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR THE TAXABLE YEAR ARE \$ 1,262,333.

THE COST OF SERVICE AMOUNT FOR THE TAXABLE YEAR IS \$13,531,000.
A SCHEDULE OF RULING AMOUNTS IS ATTACHED.

FEDERAL FOOTNOTE:

DUKE POWER COMPANY
ELECTION UNDER SECTION 468A

THESE ELECTIONS ARE MADE FOR THE TAXABLE YEAR 1995.
SEPARATE ELECTIONS ARE MADE TO COVER THE FOLLOWING NUCLEAR DECOMMISSIONING FUNDS:

NAME OF POWER PLANT	NUCLEAR DECOMMISSIONING TRUST FUND	EMPLOYER IDENTIFICATION NUMBER
MCGUIRE NUCLEAR STATION - UNIT 1 CORNELIUS, NC	DUKE POWER COMPANY MASTER DECOMMISSIONING TRUST FOR MCGUIRE NUCLEAR STATION, UNIT 1	56-6373360

THE AMOUNT OF ACTUAL CASH PAYMENTS MADE TO THE NUCLEAR DECOMMISSIONING FUND DURING THE TAXABLE YEAR THAT WERE NOT TREATED AS DEEMED CASH PAYMENTS UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR A PRIOR TAXABLE YEAR WERE \$ 6,256,667.

THE AMOUNT OF CASH PAYMENTS DEEMED MADE TO THE NUCLEAR DECOMMISSIONING FUND UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR THE TAXABLE YEAR ARE \$ 1,251,333.

THE COST OF SERVICE AMOUNT FOR THE TAXABLE YEAR IS \$8,943,000.

A SCHEDULE OF RULING AMOUNTS IS ATTACHED.

NAME OF POWER PLANT	NUCLEAR DECOMMISSIONING TRUST FUND	EMPLOYER IDENTIFICATION NUMBER
MCGUIRE NUCLEAR STATION UNIT 2 CORNELIUS, NC	DUKE POWER COMPANY MASTER DECOMMISSIONING TRUST FOR MCGUIRE NUCLEAR STATION, UNIT 2	56-6373361

THE AMOUNT OF ACTUAL CASH PAYMENTS MADE TO THE NUCLEAR DECOMMISSIONING FUND DURING THE TAXABLE YEAR THAT WERE NOT TREATED AS DEEMED CASH PAYMENTS UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR A PRIOR TAXABLE YEAR WERE \$ 7,478,333.

THE AMOUNT OF CASH PAYMENTS DEEMED MADE TO THE NUCLEAR DECOMMISSIONING FUND UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR THE TAXABLE YEAR ARE \$ 1,495,667.

THE COST OF SERVICE AMOUNT FOR THE TAXABLE YEAR IS \$9,286,000.

A SCHEDULE OF RULING AMOUNTS IS ATTACHED.

FEDERAL FOOTNOTE:

DUKE POWER COMPANY
ELECTION UNDER SECTION 468A

THESE ELECTIONS ARE MADE FOR THE TAXABLE YEAR 1995.
SEPARATE ELECTIONS ARE MADE TO COVER THE FOLLOWING NUCLEAR DECOMMISSIONING FUNDS:

NAME OF POWER PLANT	NUCLEAR DECOMMISSIONING TRUST FUND	EMPLOYER IDENTIFICATION NUMBER
CATAWBA NUCLEAR STATION UNIT 1 CLOVER, SC	DUKE POWER COMPANY MASTER DECOMMISSIONING TRUST FOR CATAWBA NUCLEAR STATION, UNIT 1	56-6373362

THE AMOUNT OF ACTUAL CASH PAYMENTS MADE TO THE NUCLEAR DECOMMISSIONING FUND DURING THE TAXABLE YEAR THAT WERE NOT TREATED AS DEEMED CASH PAYMENTS UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR A PRIOR TAXABLE YEAR WERE \$ 966,667.

THE AMOUNT OF CASH PAYMENTS DEEMED MADE TO THE NUCLEAR DECOMMISSIONING FUND UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR THE TAXABLE YEAR ARE \$ 193,333.

THE COST OF SERVICE AMOUNT FOR THE TAXABLE YEAR IS \$1,198,000.

A SCHEDULE OF RULING AMOUNTS IS ATTACHED.

NAME OF POWER PLANT	NUCLEAR DECOMMISSIONING TRUST FUND	EMPLOYER IDENTIFICATION NUMBER
CATAWBA NUCLEAR STATION - UNIT 2 CLOVER, SC	DUKE POWER COMPANY MASTER DECOMMISSIONING TRUST FOR CATAWBA NUCLEAR STATION, UNIT 2	56-6373363

THE AMOUNT OF ACTUAL CASH PAYMENTS MADE TO THE NUCLEAR DECOMMISSIONING FUND DURING THE TAXABLE YEAR THAT WERE NOT TREATED AS DEEMED CASH PAYMENTS UNDER PARAGRAPH (C)(1) OF REGULATION 1.468A-2 FOR A PRIOR TAXABLE YEAR WERE \$ 1,058,333.

THE AMOUNT OF CASH PAYMENTS DEEMED MADE TO THE NUCLEAR DECOMMISSIONING FUND UNDER PARAGRAPH (C)(1) OF REGULATION 468A-2 FOR THE TAXABLE YEAR ARE \$ 211,667.

THE COST OF SERVICE AMOUNT FOR THE TAXABLE YEAR IS \$1,270,000.

A SCHEDULE OF RULING AMOUNTS IS ATTACHED.

DUKE POWER COMPANY

Statement Attached To and Made Part Of
1995 South Carolina Corporation Income Tax Return

<u>Function</u>	<u>Federal Tax Depreciation</u>	<u>S.C. Tax Depreciation</u>	<u>Income increase (decrease)</u>
Furniture & Fixtures	\$20,204,046	\$20,204,046	\$ -0-
EDP Equipment	16,091,755	16,091,755	-0-
Dispatch and Other Computers	1,107,859	1,107,859	-0-
Data Handling Equipment	283,417	283,417	-0-
Other General Plant	9,070,240	9,070,240	-0-
Hydro	53,548,136	53,795,239	(247,103)
Hydro - Structures	1,543,348	1,543,348	-0-
Nuclear	49,879,807	51,754,922	(1,875,115)
Nuclear Fuel	149,768,906	149,768,906	-0-
Nuclear - Structures	4,352,820	4,352,820	-0-
Steam	51,418,999	51,920,958	(501,959)
Other Production	15,159,939	15,161,578	(1,639)
Other Production - Structures	258	258	-0-
Steam - Structures	390,321	390,321	-0-
Transmission	39,997,541	40,625,875	(628,334)
Distribution	162,346,011	164,419,141	(2,073,130)
Easements, Relocations & First Clearing	2,687,226	2,687,226	-0-
Leased Structures	398,161	398,161	-0-
Water	1,868,211	1,901,280	(33,069)
Structures	11,820,373	11,819,280	1,093
Vehicle	<u>(315,092)</u>	<u>(315,092)</u>	<u>-0-</u>
	<u>\$591,622,282</u>	<u>\$596,981,538</u>	<u>\$(5,359,256)</u>

Depreciation on the Federal return was computed using Section 167(a)(11) Class Life Asset Depreciation Range for additions made in 1971 through 1980. After 1980, depreciation was computed using Section 168 Accelerated Cost Recover System.

AS ORIGINALLY FILED

**Deloitte
& Touche**

TAXPAYER

DUKE ENERGY CORPORATION

INSTRUCTIONS FOR FILING

AMENDED CORPORATION TAX RETURN

STATE OF SOUTH CAROLINA

FOR THE YEAR ENDED

DECEMBER 31, 2000

To be signed and dated by	☐ Taxpayer ☐ Taxpayer and spouse ☒ Officer ☐
Amount of Tax	Total Tax \$ Less: payments & credits \$ Balance due (overpayment) \$(5,846,071)
Overpayment	☒ Refunded to you \$5,846,071. ☐ Credited to your estimated tax \$ ☐ \$ refunded and \$ credited
Draw check to N/A	<i>NOTE: Your social security number or employer identification number should be entered on your remittance.</i>
Mail tax return and check (if applicable) to	SC DEPT. OF REVENUE COLUMBIA, SC 29214
Return must be mailed on or before	IMMEIDATELY Certified mail recommended, with return receipt. For metered mail, the meter date is not evidence of timely filing.
Special Instructions	

MISCSTATELTRS



STATE OF SOUTH CAROLINA
'C' CORPORATION INCOME TAX RETURN
RETURN IS DUE ON OR BEFORE THE 15TH DAY OF THE 3RD
MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR

Mail This Return To:
DEPARTMENT OF REVENUE
Corporation Return
Columbia, SC 29214-0100

SC1120

(Rev. 9/96) 3091

AS AMENDED (SEE PEEL-OFF LABEL)

PLACE PEEL-OFF LABEL HERE

RETURN FOR 12/31/2000 INCOME
PERIOD ENDING 12/31/2001 LICENSE
RETURN DUE 03/15/2001

FILE NO. 20090024-9
BUSINESS CODE 4911
EMPLOYER ID NO. 56-0205520

NAME DUKE ENERGY CORPORATION
STREET ADDRESS MAIL CODE PB05B
CITY CHARLOTTE STATE NC ZIP CODE 28242

A COPY OF FEDERAL FORM 1120, 1120A, 1120H or 1120F
AND SUPPORTING SCHEDULES MUST BE ATTACHED
AND MADE PART OF THIS RETURN

Extension Requested: Yes ☒ No ☐

Type of SC Return: Separate ☐ Consolidated ☒

If Final Return, Indicate Whether: Merged ☐

Reorganized ☐ Dissolved ☐ Withdrawn ☐

County or counties in SC Where Property is located:
VARIOUS

City Audit Location State

CHARLOTTE, NC

Telephone Number: (704) 382-8175

Total cost of land, buildings and land improvements in SC.

11,245,921.000

Total cost of depreciable personal property in SC.

5,792,790.461

PART I
COMPUTATION OF INCOME TAX LIABILITY

1. Federal Taxable Income Per Federal Form 1120 or 1120 A 1. 1,293,580.762
2. Net Adjustment from line 12, Schedule A and B 2. 102,956.965
3. Total Net Income As Reconciled (line 1 plus or minus line 2) 3. 1,396,537.727
4. If Multi-state Corporation, enter amount from line 6, Schedule G; otherwise, enter amount from line 3 4. 86,585.793 *
5. LESS: South Carolina net operating loss carryover, if applicable 5. 86,585.793
6. South Carolina Net Income subject to tax (line 4 less line 5) 6. 4,329,289
7. TAX: Multiply amount on line 6 by .05 (5.0%) 7. 4,329,289
8. Less tax deferred on income from foreign trade receipts (see instructions) 8. 4,329,289
9. Balance (line 7 less line 8) 9. 4,329,289
10. Non-refundable credits from line 3, Schedule C 10. <
11. Balance of tax (line 9 less line 10). Enter the difference but not less than zero 11. 4,329,289
12. Interest on DISC-deferred tax liability or Foreign Trade deferred tax liability 12. 4,329,289
13. Total tax and/or interest (add lines 11 and 12) 13. 4,329,289
14. Payments: (a) Tax Withheld (see instructions) (b) Paid by Declaration
(c) Paid with Tentative Return (d) Credit from line 29b
15. Total Payments (add lines 14a through 14d) 15. 9,755,361
16. Balance of Tax and/or Interest Due (line 13 less line 15) 16. 0.00
17. Interest Due Penalty Due (See penalty and interest instructions.) Enter total. 17. 0.00
18. TOTAL INCOME TAX, Interest and Penalty Due (add lines 16 and 17) 18. 0.00
19. OVERPAYMENT (line 15 less line 13) 5,846,071 To be applied as follows:
(a) Estimated Tax (b) License Fee (c) Refunded 5,846,071

PART II
COMPUTATION OF LICENSE FEE

20. Total Capital And Paid In Surplus (Multi-State Corporations See Schedule E) 20. 0.00
21. FEE DUE - Line 20 x .001, plus \$15.00 (Fee cannot be less than \$25.00) 21. 0.00
22. Less Application of Corporate Headquarters credit (TC-8) 22. 0.00
23. Balance (line 21 less line 22) 23. 0.00
24. Payments: (a) Paid With Tentative Return (b) Credit from line 19b
25. Total Payments (add line 24 (a) and (b)) 25. 0.00
26. Balance Of Fee Due (line 23 less line 25) 26. 0.00
27. Interest Due Penalty Due (See penalty and interest instructions.) Enter total. 27. 0.00
28. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 26 and 27) 28. 0.00
29. OVERPAYMENT (line 25 less line 23) To be applied as follows:
(a) Estimated Tax (b) Income Tax (c) Refunded
30. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 18 and 28) 30. 0.00

Make checks payable to: SC Department of Revenue.

Please Sign Here	I, the undersigned, a principal officer of the corporation for which this return is made, declare that this return including accompanying Annual Report, statements and schedules has been examined by me and is to the best of my knowledge and belief, a true and complete return.		
	Signature of officer	Date	Title
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed ☐
	Firm's name (or yours if self-employed) and address	E.I. No.	Preparer's social security no.
	DELOITTE AND TOUCHE LLP 2500 ONE PPG PLACE	13-3891517	172-60-8283
		Zip code	15222

STF SC42611F.1 * SEE ATTACHED RECONCILIATION SCHEDULE BY AMENDED ENTITY

SCHEDULE A AND B**ADDITIONS TO FEDERAL NET INCOME**

1. Taxes on or Measured By Income 1. _____
2. Federal Net Operating Loss 2. _____
3. _____ 3. _____
4. _____ 4. _____
5. Other Additions (attach schedule) 5. _____
6. Total Additions (add lines 1 through 5) 6. _____

DEDUCTIONS FROM FEDERAL NET INCOME

7. Interest On Obligations Of The U.S. 7. _____
8. _____ 8. _____
9. _____ 9. _____
10. Other Deductions (attach schedule) 10. _____
11. Total Deductions (add lines 7 through 10) 11. _____
12. Net Adjustment (line 6 less line 11) Also enter on line 2, Part I, SC1120 12. _____

SCHEDULE C**SUMMARY OF CREDITS (FROM SCHEDULE I)**

1. Total Credits (from Schedule I) 1. 570,347
2. Tax (line 9, Part I, SC1120) 2. 10,175,361
3. Lesser of line 1 or 2 (enter on line 10, Part I, SC1120) 3. 570,347
4. Credit Carryover (line 1 less line 3) 4. 0

SCHEDULE D**ANNUAL REPORT TO BE COMPLETED BY ALL CORPORATIONS**

1. Name of Corporation _____
2. Date of this Report _____ Fed. E.I. No. _____
3. Incorporated under the Laws of the State of _____ on _____
4. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
5. Location of the Registered Office of the Corporation in the State of South Carolina is _____
in the City of _____ Registered Agent at such address is _____
6. Was the name of the Corporation changed during the year? _____ Give old name _____
7. Date commenced business in the state of South Carolina was 02/24/63
8. Location of principal office (street address) _____
Nature of principal business in S.C. ELECTRIC UTILITY
9. The Corporation's books are in the care of _____
Located at (street address) _____
10. If filing consolidated, complete and attach Schedule J for each Corporation included in the consolidation.
11. If a professional corporation are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional services engaged in by the corporation? NO
12. The total number of authorized shares of capital stock itemized by class and series, if any, within each class is as follows:
- | Number of Shares | Class | Series |
|------------------|-------|--------|
|------------------|-------|--------|

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | Number of Shares | Class | Series |
|------------------|-------|--------|
|------------------|-------|--------|

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock \$ _____
Total paid in Capital Surplus \$ _____
Total amount of stated Capital \$ _____

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach separate schedule.)

NAME

BUSINESS ADDRESS AND OFFICE

SCHEDULES E, F, G, AND H ARE TO BE COMPLETED BY MULTI-STATE CORPORATIONS**SCHEDULE E COMPUTATION FOR LICENSE FEE - MULTI-STATE CORPORATIONS**

1. Total Capital and Paid-in-Surplus at end of Year \$ _____
2. S.C. PROPORTION: (line 1 $\times$ ratio from Schedule H-1, H-2 or H-3, as appropriate) Also enter on line 20, Part II. \$ _____

SCHEDULE F INCOME SUBJECT TO DIRECT ALLOCATION

	Gross Amounts 1	Less; Related Expenses 2	Net Amounts Allocated Direct to S.C. and Other States 3	Net Amounts Allocated Directly to S.C. 4	Payrolls to be Excluded from Payroll Factor 5	Property to Be Excluded from Property Factor 6
1. Interest not connected with business						
2. Dividends received						
3. Rents						
4. Gains/losses on real property						
5. Gains/losses on intangible pers. prop.						
6. Investment income directly allocated						
7. TOTAL INCOME DIRECTLY ALLOCATED						
8. INCOME DIRECTLY ALLOCATED TO S.C.						
9. TOTALS TO APPORTIONMENT FACTORS						

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR CORPORATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Part I 1.
2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7 2.
3. Total net income subject to apportionment (line 1 less line 2) 3.
4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2 or 3 and enter result here 4.
5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8 5.
6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Part I 6. 86,585,793

SCHEDULE H - 1 COMPUTATION OF FOUR FACTOR APPORTIONMENT RATIO

	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land				
2. Buildings				
3. Machinery and Equipment				
4. Inventories				
5. Other Property				
6. Exclusions	< >	< >	< >	< >
7. TOTAL (add lines 1 - 5; subtract line 6)				
		1. Within S.C.	2. Total Everywhere	3. Ratio
8. Avg. of Beginning and Ending Period (add line 7a and b and divide by 2)				
9. Rental or Lease Value				
10. TOTAL Property Add lines 8 and 9. (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
11. GROSS Payroll				
12. Less: Officers Compensation and Exclusions	< >	< >		
13. TOTAL Payroll (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
14. TOTAL Sales (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
15. TOTAL Sales (same as line 14.)				%
16. TOTAL of Ratios (add Column 3 - lines 10, 13, 14 and 15)				%
17. Arithmetical Average of Ratios				%

SCHEDULE H - 2 COMPUTATION OF GROSS RECEIPTS RATIO

	1. In South Carolina	2. Total Everywhere	3. Ratio
1. Total Gross Receipts			
2. Less: Exclusion (see instructions)	< >	< >	
3. Gross Receipts (for ratio)			
4. Ratio of Gross Receipts (line 3, Col. 1 $\div$ line 3, Col. 2)			%

SCHEDULE H - 3 COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS

	Amount	Ratio
1. Total Within South Carolina		
2. Total for System		
3. Ratio (South Carolina $\div$ Total System)		%

SCHEDULE I**NON-REFUNDABLE TAX CREDITS**

1. Credit Carryover From Previous Year's SC1120, Schedule C (Tax Credits) 1. _____
2. Add: (a) Drip/Trickle Irrigation System (TC-1) 2a. _____
- (b) Minority Business (TC-2) b. _____
- (c) Water Resources (TC-3) c. _____
- (d) South Carolina New Jobs Credit (TC-4) d. _____
- (e) Scenic Rivers (TC-5) e. _____
- (f) Infrastructure Construction or Improvement (TC-6) f. 120,000
- (g) Palmetto Seed Capital (TC-7) g. _____
- (h) Corporate Headquarters Income Tax Application (TC-8) h. _____
- (i) Child Care Program (TC-9) i. _____
- (j) Base Closure/Federal Facility Employment Reduction Hiring Credit (TC-10) ... j. _____
- (k) Economic Impact Zone Property Investment Credit (TC-11) k. 450,347
- (l) Credit for Hiring AFDC Recipients (TC-12) l. _____
- (m) Additional AFDC Credit (TC-12-A) m. _____
3. Total Credits (add lines 1 and 2a through m and enter on line 1, Schedule C) 3. 570,347

SCHEDULE J**CORPORATIONS INCLUDED IN CONSOLIDATED RETURN****AFFILIATED CORPORATION NO. 1**

1. Name _____ S.C.I.D. NO. _____
2. Date of this report _____ Fed. E.I. No. _____
3. Address _____
4. Incorporated under the laws of the State of _____ on _____
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal Office _____
Nature of principal business in S.C. _____
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-------|--------|
| | | |
| | | |
| | | |
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-------|--------|
| | | |
| | | |
| | | |
14. The total amount of stated capital per balance sheet is:
- | | |
|--------------------------------|----------|
| Total paid in Capital Stock | \$ _____ |
| Total paid in Capital Surplus | \$ _____ |
| Total amount of stated Capital | \$ _____ |
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).
- | NAME | BUSINESS ADDRESS AND OFFICE |
|------|-----------------------------|
| | |
| | |
| | |
| | |
| | |

For additional affiliated corporations duplicate Schedule J as needed.

**Adjustments to Duke Power
56-0205520
South Carolina Taxable Income**

	As Filed	Adjustments	As Amended	
Total Net Income as Reconciled	888,978,801		888,978,801	
Less: Income subject to direct allocation	3,894,274		3,894,274	
Total Net Income Subject to Apportionment	885,084,527		885,084,527	
SC Apportionment Ratio				
Property In SC	5,869,964,548	N/A		
Property Everywhere	17,407,872,152	N/A		
Property Factor	0.337202	N/A		
Payroll SC	262,432,917	N/A		
Payroll Everywhere	705,812,358	(705,812,358)		
Payroll Factor	0.371817	(0)		
Receipts SC	1,281,338,343	-	1,281,338,343	
Receipts Everywhere	14,188,802,844		14,188,802,844	Receipts Only
Receipts Factor	0.090306	0.000000	0.090306	
SC apportionment factor	0.222408	(0.132102)	0.090306	
Income Apportioned to SC	196,849,879	(118,921,436)	78,928,443	
Add: Income subject to direct allocation to SC	119,766		119,766	
Total SC Net Income	196,969,645	(118,921,436)	80,048,209	

AMENDED

5373

2020

DES00011662

STATE OF SOUTH CAROLINA
'C' CORPORATION INCOME TAX RETURN
Return is due on or before the 15th day of the 3rd month
following the close of the taxable year.

Mail this return to:
DEPARTMENT OF REVENUE
Corporation Return
Columbia, SC 29214-0100

SC 1120
(Rev. 9/14/00) 3091

AS AMENDED

S.C. FILE # 20090024 - 9

INCOME TAX PERIOD ENDING 12/31/2000

LICENSE FEE PERIOD ENDING 12/31/2001

FED E.I.# 56-0205520

NAME DUKE ENERGY CORPORATION

MAILING ADDRESS MAIL CODE PB05B

CITY CHARLOTTE STATE NC ZIP CODE 28201

Change of ☐ Address ☐ Accounting Period

A COMPLETE COPY OF FEDERAL RETURN MUST
BE ATTACHED TO THIS RETURN.

Check if ☒ Consolidated Return

If Final Return, Indicate Whether: Merged ☐

Reorganized ☐ Dissolved ☐ Withdrawn ☐

County or Counties in SC Where Property is Located:

City Audit Location State

CHARLOTTE NC

Telephone Number: (704) 382-6200

Total Gross Receipts:

11,245,921,050

Total cost of depreciable personal property in SC.

5,792,790,461

PART I COMPUTATION OF INCOME TAX LIABILITY	
1. Federal Taxable Income per Federal Form 1120 or 1120A.	1. <u>1,293,580,762</u>
2. Net Adjustment from line 12, Schedule A and B	2. <u>102,956,965</u>
3. Total Net Income as Reconciled (line 1 plus or minus line 2)	3. <u>3,396,537,727</u>
4. If Multi-state Corporation, enter amount from line 6, Schedule G; otherwise, enter amount from line 3.	4. <u>203,507,229</u>
5. LESS: South Carolina net operating loss carryover, if applicable	5. <u>0</u>
6. South Carolina Net Income subject to tax (line 4 less line 5)	6. <u>203,507,229</u>
7. TAX: Multiply amount on line 6 by .05 (5.0%)	7. <u>10,175,361</u>
8. Less tax deferred on income from foreign trade receipts (see instructions)	8. <u>0</u>
9. Balance (line 7 less line 8)	9. <u>10,175,361</u>
10. Credit Carryover (line 4, Schedule C) ☐ Non-refundable credits (line 3, Schedule C)	10. <u>< 570,347 ></u>
11. Balance of tax (line 9 less line 10). Enter the difference but not less than zero.	11. <u>9,605,014</u>
12. Interest on DISC-deferred tax liability; or Foreign Trade Deferred Tax Liability	12. <u>0</u>
13. Total tax and/or interest (add lines 11 and 12)	13. <u>9,605,014</u>
14. Payments: (a) Tax Withheld (see instructions) (b) Paid by Declaration (c) Paid with Tentative Return (d) Credit from Line 29b	
15. Total Payments (add lines 14a through 14d)	15. <u>9,755,361</u>
16. Balance of Tax and/or Interest Due (line 13 less line 15)	16. <u>(150,347)</u>
17. Interest Due ☐ Penalty Due ☐ (See penalty and interest instructions.) Enter Total.	17. <u>0</u>
18. TOTAL INCOME TAX, Interest and Penalty Due (add lines 16 and 17)	18. <u>(150,347)</u>
19. OVERPAYMENT (line 15 less line 13) To be applied as follows:	
(a) Estimated Tax (b) License Fee (c) Refunded	<u>150,347</u>
PART II COMPUTATION OF LICENSE FEE	
20. Total Capital And Paid in Surplus (Multi-State Corporations See Schedule E)	20. <u>8,069,357</u>
21. FEE DUE - Line 20 x .001, plus \$15.00 (Fee cannot be less than \$25.00 per taxpayer)	21. <u>5,897,792</u>
22. Less Application of <u>INFRASTRUCTURE CREDIT RURAL DEV ACT</u>	<u>300,000</u>
23. Balance (line 21 less line 22)	23. <u>5,597,792</u>
24. Payments: (a) Paid with Tentative Return (b) Credit from line 19b	
25. Total Payments (add line 24(a) and (b))	25. <u>6,132,157</u>
26. Balance of Fee Due (line 23 less line 25)	26. <u>(534,365)</u>
27. Interest Due ☐ Penalty Due ☐ (See penalty and interest instructions.) Enter Total.	27. <u>0</u>
28. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 26 and 27)	28. <u>(534,365)</u>
29. OVERPAYMENT (line 25 less line 23) To be applied as follows:	
(a) Estimated Tax (b) Income Tax (c) Refunded	<u>534,365</u>
30. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 18 and 28)	30. <u>(684,712)</u>

I, the undersigned, a principal officer of the corporation for which this return is made, declare that this return including accompanying Annual Report, statements and schedules has been examined by me and is to the best of my knowledge and belief, a true and complete return.

Please
Sign
Here

Signature of officer Date Title

I authorize the Director of the Department of Revenue or delegate to
discuss this return, attachments and related tax matters with the preparer.

Yes ☐ No ☐

Preparer's Printed Name

Preparer's
signature

Date

Check if
self-employed ☐

Preparer's telephone number

Paid

Preparer's
Use Only

Firm's name (or
yours if self-employed) DELOITTE AND TOUCHE LLP
and address 2500 ONE PPG PLACE

E.I. No. 13-3891517

ZIP Code 15222

STF SC42611F.1

Pittsburgh, PA 15222

AS ORIGINALLY FILED

5374

DES00011663

SCHEDULE A AND B**ADDITIONS TO FEDERAL NET INCOME**

1. Taxes on or Measured By Income 1. _____
2. Federal Net Operating Loss 2. _____
3. _____ 3. _____
4. _____ 4. _____
5. Other Additions (attach schedule) 5. _____
6. Total Additions (add lines 1 through 5) 6. _____

DEDUCTIONS FROM FEDERAL NET INCOME

7. Interest On Obligations Of The U.S. 7. _____
8. _____ 8. _____
9. _____ 9. _____
10. Other Deductions (attach schedule) 10. _____
11. Total Deductions (add lines 7 through 10) 11. _____
12. Net Adjustment (line 6 less line 11) Also enter on line 2, Part 1, SC1120 12. _____

SCHEDULE C**SUMMARY OF CREDITS (FROM SCHEDULE I)**

1. Total Credits (from Schedule I)	1.	570,347
2. Tax (line 9, Part 1, SC1120)	2.	10,175,361
3. Lesser of line 1 or 2 (enter on line 10, Part 1, SC1120)	3.	570,347
4. Credit Carryover (line 1 less line 3)	4.	0

SCHEDULE D**ANNUAL REPORT TO BE COMPLETED BY ALL CORPORATIONS**

1. Name _____
2. Date of this report _____ Fed. E.I. No. _____
3. Incorporated under the laws of the State of _____ on _____
4. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
5. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ Registered Agent at such address is _____
6. Was the name of the Corporation changed during the year? _____ Give old name _____
7. Date commenced business in the State of South Carolina was _____
8. Location of principal office (street address) _____
Nature of principal business in S.C. _____
9. The Corporation's books are in the care of _____
Located at (street address) _____
10. If filing consolidated, complete and attach Schedule J for each Corporation included in the consolidation.
11. If a Professional Corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional services engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	_____
Total paid in Capital Surplus (cannot be a negative amount)	\$	_____
Total amount of stated Capital (cannot be a negative amount)	\$	_____
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

SCHEDULES F, G, AND H ARE TO BE COMPLETED BY MULTI-STATE CORPORATIONS

Page 3

SCHEDULE E RESERVED

SCHEDULE F INCOME SUBJECT TO DIRECT ALLOCATION

	Gross Amounts 1	Less: Related Expenses 2	Net Amounts Allocated Direct to S.C. and Other States 3	Net Amounts Allocated Directly to S.C. 4	Payrolls to be Excluded from Payroll Factor 5	Property to Be Excluded from Property Factor 6
1. Interest not connected with business						
2. Dividends received						
3. Rents						
4. Gains/losses on real property						
5. Gains/losses on intangible pers. prop.						
6. Investment income directly allocated						
7. TOTAL INCOME DIRECTLY ALLOCATED						
8. INCOME DIRECTLY ALLOCATED TO S.C.						
9. TOTALS TO APPORTIONMENT FACTORS						

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR CORPORATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Part I	1.
2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7	2.
3. Total net income subject to apportionment (line 1 less line 2)	3.
4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2 or 3 and enter result here	4.
5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8	5.
6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Part I	6.

SCHEDULE H - 1 COMPUTATION OF THREE FACTOR APPORTIONMENT RATIO

	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land				
2. Buildings				
3. Machinery and Equipment				
4. Inventories				
5. Other Property				
6. Exclusions	<	>	<	>
7. TOTAL (add lines 1 - 5; subtract line 6)				
		1. Within S.C.	2. Total Everywhere	3. Ratio
8. Avg. of Beginning and Ending Period (add line 7a and b and divide by 2)				
9. Rental or Lease Value				
10. TOTAL Property (add lines 8 and 9. (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
11. GROSS Payroll				
12. Less: Officers Compensation and Exclusions	<	>	<	>
13. TOTAL Payroll (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
14. TOTAL Sales (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
15. TOTAL of Three Ratios (add Column 3 - lines 10, 13 and 14)				%
16. Arithmetical Average of Three Ratios				%

SCHEDULE H - 2 COMPUTATION OF GROSS RECEIPTS RATIO

	1. In South Carolina	2. Total Everywhere	3. Ratio
1. Total Gross Receipts			
2. Less: Exclusion	<	>	
3. Gross Receipts (for ratio)			
4. Ratio of Gross Receipts (line 3, Col. 1 ÷ line 3, Col. 2)			%

SCHEDULE H - 3 COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS

	Amount	Ratio
1. Total Within South Carolina		
2. Total for System		
3. Ratio (South Carolina ÷ Total System)		%

SAME AS ORIGINALLY FILED RETURN

AS ORIGINALLY FILED

SP-50073-8

5376

DES00011665

SCHEDULE K COMPUTATION OF LICENSE FEE - UTILITIES AND ELECTRIC COOPERATIVES

1. Fair market value of Property Owned and Used in the Conduct of Business in South Carolina as determined by South Carolina Department of Revenue for Property Tax Purposes		1.	2,514,285,714
2. Fee Due: Line 1 x .001		2.	2,514,286
		Total System (A)	Intrastate South Carolina (B)
3. Operating Revenues, (Itemize):			
		\$ 4,963,366,729	\$ 1,125,019,112
4. Total Operating Revenues		4.	\$ 4,963,366,729
5. Other Receipts, (Itemize):		5.	
6. Total Other Receipts		6.	\$
7. Total Gross Receipts (Add Lines 4 and 6)		7.	\$ 1,125,019,112
8. Fee Due (Line 7, Column B x .003)		8.	\$ 3,375,057
9. Total License Fee Due (Add Lines 2 and 8) (Enter here and also on Line 16, Part II, Page 1)		9.	\$ 5,889,343

Excerpts from 2000 Code of Laws as Amended
Code Section 12-20-100 as amended for taxable years beginning after 1995.

(A) In the place of the license fee imposed by Section 12-20-50, every express company, street railway company, navigation company, waterworks company, power company, electric cooperative, light company, gas company, telegraph company, and telephone company shall file an annual report with the department and pay a license fee as follows:

(1) one dollar for each thousand dollars, or fraction of a thousand dollars, of fair market value of property owned and used within this state in the conduct of business as determined by the department for property tax purposes for the preceding taxable year; and (2) three dollars for each thousand dollars, or fraction of a thousand dollars, of gross receipts derived from services rendered from regulated business within this state during the preceding taxable year, except that with regard to electric cooperatives, only distribution electric cooperatives are subject to the gross receipts portion of the license fee under this subitem.

(B) The minimum license fee under this section is \$25.

NEW INFORMATION

1. South Carolina has updated income tax laws to conform with the Internal Revenue Code of 1986, as amended through December 31, 1999, including the effective dates.
2. The line 17 Section 12-20-105 credit is for amounts paid in cash to provide infrastructure for an eligible project. Effective June 11, 1999, the term "infrastructure" for an eligible project has been expanded to include industrial shell buildings and the purchase of land for an office, business or industrial park.
3. Effective June 30, 1999, notwithstanding the statute of limitations, the time allotted for requesting a corporate refund has been extended from thirty days to ninety days from the date the Internal Revenue Service changes the taxable income.
4. The signature section of the return contains a new area for the preparer's telephone number.

INSTRUCTIONS

Line 17 Instructions - If the company paid cash to provide infrastructure for an eligible project, enter the amount on line 17. Attach a schedule to the return setting forth the name of the person completing the project, a description of the project, under what section or sections of the statute the project qualifies, the amounts in cash that were paid for infrastructure and to whom and when paid, a description of the infrastructure, and the date the infrastructure was completed or is expected to be completed. If the infrastructure has not been completed as of the date the return is filed, the taxpayer must include a waiver of the statute of limitations. The maximum credit for a single tax year may not exceed \$300,000. If the credit exceeds tax liability, the excess may be carried forward and deducted in the succeeding tax year. For more information see SC Revenue Ruling #96-11.

Refer to SC1120 Instructions If Public Utilities 'C' Corporation.

Refer to SC1120S Instructions If Public Utilities 'S' Corporation.

DUKE ENERGY CORPORATION
SOUTH CAROLINA LICENSE TAX FOR UTILITIES

	<u>2001</u>
Receipts Reported on Original Return	1,281,338,343
Less: Sales for Resale	(130,057,876)
Less: Rents	(15,498,843)
Less: Water Revenues	(7,232,493)
Less: Forfeited Discounts	(2,894,340)
Less: Bad Debt	
Less: Interdepartmental rents	
Less: Misc. Service Revenue/Other Electric Revenues	
Less: Interdepartmental sales	<u>(635,679)</u>
Adjusted Receipts	1,125,019,112

AS ORIGINALLY FILED

09/17/2001 - 08:39:03 AM
SC CONS W/DUKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 1

	DUKE ENERGY 16-0705570	CLT DEVELOP 16-1153151	CAROLINA CTAS 16-1174379	CAES COM SC 16-7030305	CRESCENT RES 17-0643582	DELS RESOURCES 16-1353176
PART II COMPUTATION OF LICENSE FEE						
20. TOTAL CAPITAL AND PAID IN SURPLUS	8,069,351	5,891,748		0	0	0
21. FEE DUE - LINE 20 X 5.001 = \$15.00 (525 MIN)	6,366,750	6,366,750	5,889,343	0	0	0
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0	25
23. BALANCE (LN 21 - 22)	6,366,750	6,366,750	5,889,343	0	0	0
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	6,320,000	6,320,000	0	0	0	0
18) CREDIT FROM LINE 19(B)	46,750	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	6,366,750	6,320,000	0	0	0	0
26. BALANCE OF FEE DUE (LN 23 - 25)	0	0	0	0	0	0
27. (A) INTEREST DUE	0	0	0	0	0	0
18) PENALTY DUE	0	0	0	0	0	0
TOTAL INTEREST AND PENALTY	0	0	0	0	0	0
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)	0	0	0	0	0	0
29. OVERPAYMENT (LN 25 - 28) APPLIED AS FOLLOWS:	0	0	0	0	0	0
(A) ESTIMATED TAX	0	0	0	0	0	0
(B) INCOME TAX	0	0	0	0	0	0
(C) REFUNDED	0	0	0	0	0	0
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE	0	0	0	0	0	0

"SCHEDULE A/B ADD 1 DEDUCT TO FED NET INCOME"

1. TAXES ON OR MEASURED BY INCOME	83,465,872	57,299,355	0	0	942,764	4,485,651	(4,426)
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	5,419,821	5,419,821	0	0	0	0	0
4. OTHER ADDITION 12	1,906,339	1,906,339	0	0	0	0	0
5. OTHER ADDITION 13 (ATTACH SCHEDULE)	15,173,443	0	0	0	0	15,173,443	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	109,965,475	64,625,515	0	0	942,764	19,659,094	(4,426)
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	7,008,510	7,008,510	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	7,008,510	7,008,510	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	102,956,965	57,617,005	0	0	942,764	19,659,094	(4,426)

"SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE 1)"

1. TOTAL CREDITS (FROM SCHEDULE 1)	220,000	300,000	0	0	120,000	0	0
2. TAX (LN 9, PART I, SC1120)	10,175,361	0	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (70 LN 10 PART I CORP RET)	220,000	0	0	0	0	0	0

AS ORIGINALLY FILED

5380

DES00011669

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 2

SC CORP W/ DUKE POWER
Year: 2000

	DUKE GAS 26-6027029	DUKEINT 26-1875297	DUKE MEADOWS 26-1926787	DUKE WATER 26-1975529	M-P SUPPLY 26-0277840	TECHNOL 26-1361713	INTERA 26-1931649
PART II COMPUTATION OF LICENSE FEE							
20. TOTAL CAPITAL AND PAID IN SURPLUS	4,194,761	0	0	0	0	38,464	824,934
21. FEE DUE - LINE 20 x 1.001 + \$15.00 (125 MIN)	5,010	0	25	25	25	113	840
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0	0	0
23. BALANCE (LN 21 - 22)							
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)							
26. BALANCE OF FEE DUE (LN 23 - 25)							
27. (A) INTEREST DUE							
(B) PENALTY DUE							
TOTAL INTEREST AND PENALTY							
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)							
29. OVERPAYMENT (LN 25 - 28) APPLIED AS FOLLOWS:							
(A) ESTIMATED TAX							
(B) INCOME TAX							
(C) REFUND							
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE							

***** SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME *****

1. TAXES ON OR MEASURED BY INCOME	1,612,642	16,722,179	0	0	27,535	(59,411)	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0	0	0
4. OTHER ADDITION 22	0	0	0	0	0	0	0
5. OTHER ADDITION 23 (ATTACH SCHEDULE)	0	0	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	1,612,642	16,722,179	0	0	27,535	(59,411)	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 21)	1,612,642	16,722,179	0	0	27,535	(59,411)	0

***** SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE I) *****

1. TOTAL CREDITS (FROM SCHEDULE I)	0	0	0	0	0	0	0
2. TAX (LN 9, PART I, SCH 120)	0	0	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP ACT)	0	0	0	0	0	0	0

AS ORIGINALLY FILED

5381

DES00011670

09/17/2001 - 09:39:03 AM

1000 CONSOL. SO. CAROLINA FORM 1170

Page 12 of Set 3

SC CONS W/DUE POWER
Total: 1000

	DECOMSAVINC 25-7117386	DUE PAID SERV 25-0838436	DUXISOLUTIONS 25-0801647	DETHI MGT. INC 25-1774512	WATEREE POWER 25-0731405	CAEDSVILLE 25-0891274	SOUTHEAST POWER 25-0811283
PART II COMPUTATION OF LICENSE FEE							
20. TOTAL CAPITAL AND PAID IN SURPLUS	108,374	22,787	1,976,834	92,175	0	0	0
21. FEE DUE - LINE 20 x 5.001 - \$15.00 (525 MIN)	123	35	1,512	107	25	25	25
22. LESS APPLICATION OF CORP. NO CREDIT	0	0	0	0	0	0	0
23. BALANCE (LN 21 - 22)							
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)							
26. BALANCE OF FEE DUE (LN 23 - 25)							
27. (A) INTEREST DUE							
(B) PENALTY DUE							
TOTAL INTEREST AND PENALTY							
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)							
29. OVERPAYMENT (LN 25 - 28) APPLIED AS FOLLOWS:							
(A) ESTIMATED TAX							
(B) INCOME TAX							
(C) REFUNDED							
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE							

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME							
1. TAXES ON OR MEASURED BY INCOME	(197,453)	0	(1,412,751)	6,526,395	0	0	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0	0	0
4. OTHER ADDITION (2)	0	0	0	0	0	0	0
5. OTHER ADDITION (3) (ATTACH SCHEDULE)	0	0	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	(197,453)	0	(1,412,751)	6,526,395	0	0	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	(197,453)	0	(1,412,751)	6,526,395	0	0	0

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE 2)							
1. TOTAL CREDITS (FROM SCHEDULE 2)	0	0	0	0	0	0	0
2. TAX (LN 9, PART I, SC1170)	0	0	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP ACT)	0	0	0	0	0	0	0

AS ORIGINALLY FILED

5382

DES00011671

01/17/2001 - 08:39:00 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 4

SC CORP W/DUKE POWER
Year: 2000

CRESIDENT L&T 16-1779012	BSLIC 16-7096114	WEST CAR POWER 16-0871269	SUGAR PROPERTY 18-1787808	VENTURES LLC 21-1743272

AT II COMPUTATION OF LICENSE FEE

20. TOTAL CAPITAL AND PAID IN SURPLUS	0	0	0	0	0
21. FEE DUE - LINE 20 X 5.001 = \$15.00 (\$25 MIN)	0	25	25	0	25
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0
23. BALANCE (LN 21 - 22)					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24 + 24B)					
26. BALANCE OF FEE DUE (LN 23 - 25)					
27. (A) INTEREST DUE					
(B) PENALTY DUE					
TOTAL INTEREST AND PENALTY					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)					
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:					
(A) ESTIMATED TAX					
(B) INCOME TAX					
(C) REFUNDED					
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE					

"SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME"

1. TAXES ON OR MEASURED BY INCOME	0	0	0	1,523,392	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	0	0	0	1,523,392	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	2
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	2
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	2
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	0	0	0	1,523,392	2

"SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE I)"

1. TOTAL CREDITS (FROM SCHEDULE I)	0	0	0	0	8
2. TAX (LN 9, PART I, SC1120)	0	0	0	0	2
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP RET)	0	0	0	0	2

AS ORIGINALLY FILED

5383

DES00011672

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**ECONOMIC IMPACT ZONE PROPERTY
INVESTMENT CREDIT**

SC SCH. TC-11

(Rev. 9/11/00)
3348

20 00

Attach to Forms SC1040, SC1041, SC1120, SC1120S or SC1120U.

Name as Shown on Tax Return DUKE ENERGY CORPORATION	EIZ County SEE ATTACHED SCHEDULE	Social Security or Employer ID Number 56-0205520

This schedule must be completed and filed with the income tax return in order to claim an investment tax credit for the cost basis of economic impact zone property. The definitions on the reverse side should be carefully read before completing this schedule, as there are certain requirements that must be met before qualifying for this tax credit.

Purpose: Use this form to claim the Income tax investment credit for qualifying Economic Impact Zone Property for investments made after June 30, 1998.

Enter Economic Impact Zone Property on the schedule below. (Qualifying property is used as an integral part of manufacturing or production or used as an integral part of extracting or of furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in the economic impact zone. A credit cannot be taken on property transferred from somewhere else (either in-state or out-of-state) unless the original use of such property commences with the taxpayer inside the economic impact zone. Recapture of the credit will be required if the taxpayer disposes of or removes the property from the economic impact zone before the useful life (per section 168(e) of the Internal Revenue Code) of the property.)

	(1) Basis	(2) Credit Percentage	(3) Credit Amount (column 1 × column 2)
1. Three-year Property	_____	1%	1. _____
2. Five-year Property	_____	2%	2. _____
3. Seven-year Property	_____	3%	3. _____
4. Ten-year Property	_____	4%	4. _____
5. Fifteen-year Property or greater	9,006,935	5%	5. <u>450,347</u>
6. Total of lines 1 through 5			6. <u>450,347</u>
7. Maximum Credit (Form SC1120U filers)			7. <u>\$5,000,000</u>
8. Carryover of unused credits from 1997 and later			8. <u>0</u>
9. Credit - Total of lines 6 and 8			9. <u>450,347</u>

Caution: SC1120U filers add the lesser of lines 6 or 7 to line 8

GENERAL INSTRUCTIONS

- (1) Effective for qualifying investments made after June 30, 1998, the amount of the credit is equal to the aggregate of:
Three-year Property - one percent of total aggregate bases for all three-year property that qualifies;
Five-year Property - two percent of total aggregate bases for all five-year property that qualifies;
Seven-year Property - three percent of total aggregate bases for all seven-year property that qualifies;
Ten-year Property - four percent of total aggregate bases for all ten-year property that qualifies;
Fifteen-year Property or greater - five percent of total aggregate bases for all fifteen-year or greater property that qualifies.

Note: See Definitions on reverse.

- (2) Also effective for qualifying investments made after June 30, 1998, the basis of the qualifying property must be reduced by the amount of the credit claimed with respect to the property. The corresponding decrease in the depreciation deduction will result in an addition to federal taxable income for South Carolina income tax purposes.
- (3) Effective for qualifying investments made after June 30, 1998, the amount of the credit is limited to no more than five million dollars for any entity subject to the license tax provided in Section 12-20-100 (Form SC1120U filers). Note: the credit offsets income tax, not license tax.

Duke Energy Corporation

FEIN: 56-0205520

2000 Economic Impact Zone Property Investment Credit

Duke Energy Corporation has qualified economic impact zone property in the following counties:

Aiken
Greenwood
Lexington
McCormick
Newberry
Richland
Saluda

AS ORIGINALLY FILED

STATE OF SOUTH CAROLINA
'C' CORPORATION INCOME TAX RETURN
Return is due on or before the 15th day of the 3rd month
following the close of the taxable year.

Return to:
DEPARTMENT OF REVENUE
Corporation Return
Columbia, SC 29214-0100

SC 1120
(Rev 9/14/00) 3091

TAXPAYER ID INFORMATION

S.C. FILE # 20090024-9

INCOME TAX PERIOD ENDING 12 31 2000

LICENSE FEE PERIOD ENDING 12 31 2001

FED E.I.# 56-0205520

NAME DUKE ENERGY CORPORATION

MAILING ADDRESS Mail Code P8058

CITY, STATE, ZIP CODE Charlotte NC 28201-1244

Change of Address Accounting Period

A COMPLETE COPY OF FEDERAL RETURN MUST BE ATTACHED
TO THIS RETURN.

Check if ☒ Consolidated Return

If Final Return, Indicate Whether: Merged

Reorganized ☐ Dissolved ☐ Withdrawn ☐

County or Counties in SC Where Property is Located:

City Audit Location State
CHARLOTTE NC

Telephone Number: 704-382-6200

Total Gross Receipts:

11,245,921,050

Total cost of depreciable personal property in SC.

5,792,790,461

PART I
INCOME TAX
COMPUTATION

1. Federal Taxable Income per Federal Form 1120 or 1120A	1,293,580,762
2. Net Adjustment from line 12, Schedule A and B	102,956,965
3. Total Net Income as Reconciled (line 1 plus or minus line 2)	1,396,537,727
4. If Multi-state Corporation, enter amount from line 6, Schedule G; otherwise, enter amount from line 3.	203,507,229
5. LESS: South Carolina net operating loss carryover, if applicable	0
6. South Carolina Net Income subject to tax (line 4 less line 5)	203,507,229
7. TAX: Multiply amount on line 6 by .05 (5.0%)	10,175,361
8. Less tax deferred on income from foreign trade receipts (see instructions)	0
9. Balance (line 7 less line 8)	10,175,361
10. Credit Carryover (line 4, Schedule C) 0 Non-refundable credits (line 3, Schedule C)	420,000
11. Balance of tax (line 9 less line 10). Enter the difference but not less than zero	9,755,361
12. Interest on DISC-deferred tax liability 0 ; or Foreign Trade Deferred Tax Liability	0
13. Total tax and/or interest (add lines 11 and 12)	9,755,361
14. Payments: (a) Tax Withheld (see inst.) 0 (b) Paid by Declaration 23,321,048 (c) Paid with Tentative Return 0 (d) Credit from Line 29b 0	
15. Total Payments (add lines 14a through 14d)	23,321,048
16. Balance of Tax and/or Interest Due (line 13 less line 15)	-13,565,687
17. Interest Due 0 Penalty Due 0 (See penalty & interest inst.) Enter Total	0
18. TOTAL INCOME TAX, Interest and Penalty Due (add lines 16 and 17)	0
19. OVERPAYMENT (line 15 less line 13) 13,565,687 To be applied as follows:	
(a) Estimated Tax 5,000,000 (b) License Fee 46,750 (c) Refunded	8,518,937

PART II
LICENSE
COMPUTATION

20. Total Capital And Paid in Surplus (Multi-State Corporations See Schedule E)	8,069,357
21. FEE DUE -- Line 20 x .001, plus \$15.00 (Fee cannot be less than \$25.00 per taxpayer)	6,366,750
22. Less Application of Corporate Headquarters credit (TC-8)	0
23. Balance (line 21 less line 22)	6,366,750
24. Payments: (a) Paid with Tentative Rtn. 6,320,000 (b) Credit from line 19b 46,750	
25. Total Payments (add line 24(a) and (b))	6,366,750
26. Balance of Fee Due (line 23 less line 25)	0
27. Interest Due 0 Penalty Due 0 (See penalty & interest inst.) Enter Total	0
28. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 26 and 27)	0
29. OVERPAYMENT (line 25 less line 23) 0 To be applied as follows:	
(a) Estimated Tax 0 (b) Income Tax 0 (c) Refunded	0
30. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 18 and 28) EFT	0

Please
Sign
Here

Signature of officer Date 11/17/2001 Title SVP - Corporate Tax

I authorize the Director of the Department of Revenue or delegate to
discuss this return, attachments and related tax matters with the preparer. Yes ☐ No ☐

Preparer's signature Date Check if self-employed ☐ Preparer's telephone number

Paid Preparer's Use Only Firm's name (or yours if self-employed) and address NC E.I. No. ZIP Code

AS ORIGINALLY FILED

5386

DES00011675

SCHEDULES E, F, G, AND H ARE TO BE COMPLETED BY MULTI-STATE CORPORATIONS**SCHEDULE E COMPUTATION FOR LICENSE FEE — MULTI-STATE CORPORATIONS**

1. Total Capital and Paid-in-Surplus at end of Year \$ 7,429,130,174
 2. S.C. PROPORTION: (line 1 X ratio from Schedule H-1, H-2 or H-3, as appropriate) Also enter on line 20, Part II \$ 8,069,357

SCHEDULE F INCOME SUBJECT TO DIRECT ALLOCATION

	Gross Amounts 1	Less: Related Expenses 2	Net Amounts Allocated Direct to SC and Other States 3	Net Amounts Allocated Directly to SC 4	Payrolls to be Excluded from Payroll Factor 5	Property to be Excluded from Property Factor 6
1. Interest not connected with business	0	0	0	0		
2. Dividends received	0	0	0	0		
3. Rents	0	0	0	0	0	0
4. Gains/losses on real property	0	0	0	0		
5. Gains/losses on intangible pers. prop.	0	0	0	0		
6. Investment income directly allocated	0	0	0	0	0	0
7. TOTAL INCOME DIRECTLY ALLOCATED			381,487,714			
8. INCOME DIRECTLY ALLOCATED TO S.C.				-14,464,639		
9. TOTALS TO APPORTIONMENT FACTORS					0	0

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR CORPORATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Page 1 0 1. 1,396,537,727
 2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7 2. 381,487,714
 3. Total net income subject to apportionment (line 1 less line 2) 3. 1,015,050,013
 4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2, or 3 and enter result here 4. 217,971,868
 5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8 5. -14,464,639
 6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Part 1 of Page 1 6. 203,507,229

SCHEDULE H - 1 COMPUTATION OF FOUR FACTOR APPORTIONMENT RATIO

PLEASE SEE ATTACHED STATEMENT FOR APPORTIONMENT DETAIL BY ENTITY.	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land	0	0	0	0
2. Buildings	0	0	0	0
3. Machinery and Equipment	0	0	0	0
4. Inventories	0	0	0	0
5. Other Property	0	0	0	0
6. Exclusions	(0)	(0)	(0)	(0)
7. TOTAL (add lines 1-5; subtract line 6)	0	0	0	0
	1. Within S.C.		2. Total Everywhere	3. Ratio
8. Avg. of Beginning & Ending Period (add line 7a & b and divide by 2)	0		0	
9. Rental or Lease Value	.0		0	
10. TOTAL Property Add lines 8 and 9. (Col. 1 ÷ Col. 2 & enter ratio in Col. 3)	0		0	0.0000 %
11. GROSS Payroll	0		0	
12. Less: Officers Compensation and Exclusions	(0)		(0)	
13. TOTAL Payroll (Col. 1 ÷ Col. 2 and enter ratio in Col. 3)	0		0	0.0000 %
14. TOTAL Sales (Col. 1 ÷ Col. 2 and enter ratio in Col. 3)	0		0	0.0000 %
15. TOTAL Sales (same as line 14)	0		0	0.0000 %
16. TOTAL of Ratios (add Column 3 -- lines 10, 13, 14 and 15)				0.0000 %
17. Arithmetical Average of Ratios				0.0000 %

SCHEDULE H - 2 COMPUTATION OF GROSS RECEIPTS RATIO

PLEASE SEE ATTACHED STATEMENT FOR APPORTIONMENT DETAIL	1. in S.C.	2. Total Everywhere	3. Ratio
1. Total Gross Receipts	0	0	
2. Less: Exclusion (see instructions)	(0)	(0)	
3. Gross Receipts (for ratio)	0	0	
4. Ratio of Gross Receipts (line 3, Col. 1 ÷ line 3, Col. 2)			0.0000 %

SCHEDULE H - 3 COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS

PLEASE SEE ATTACHED STATEMENT FOR APPORTIONMENT DETAIL BY EN	Amount	Ratio
1. Total Within South Carolina	0	
2. Total for System	0	
3. Ratio (South Carolina ÷ Total System)	-14,464,639	0.0000 %

SCHEDULE K COMPUTATION OF LICENSE FEE-UTILITIES AND ELECTRIC OPERATIVES

1. Fair market value of Property Owned and Used in the Conduct of Business in South Carolina as determined by South Carolina Department of Revenue for Property Tax Purposes		1.	2,514,285,714
2. Fee Due: Line 1x.001		2.	2,514,286
		Total System (A)	Intrastate South Carolina (B)
3. Operating Revenues, (Itemize):			
ELECTRIC REVENUES		\$ 4,952,991,463	\$ 1,274,105,850
WATER REVENUES		10,375,266	7,232,493
		0	0
4. Total Operating Revenues		\$ 4,963,366,729	\$ 1,281,338,343
5. Other Receipts, (Itemize):			
		0	0
		0	0
		0	0
		0	0
6. Total Other Receipts		\$ 0	\$ 0
7. Total Gross Receipts (Add Lines 4 and 6)			1,281,338,343
8. Fee Due (Line 7, Column B x.003)		8.	\$ 3,844,015
9. Total License Fee Due (Add Lines 2 and 8)(Enter here and also on Line 16, Part II, Page 1)		9.	\$ 6,358,301

Excerpts from 2000 Code of Laws as Amended

Code Section 12-20-100 as amended for taxable years beginning after 1995.

(A) In the place of the license fee imposed by Section 12-20-50, every express company, street railway company, navigation company, waterworks company, power company, electric cooperative, light company, gas company, telegraph company, and telephone company shall file an annual report with the department and pay a license fee as follows:

- (1) one dollar for each thousand dollars, or fraction of a thousand dollars, of fair market value of property owned and used within this state in the conduct of business as determined by the department for property tax purposes for the preceding taxable year; and
- (2) three dollars for each thousand dollars, or fraction of a thousand dollars, of gross receipts derived from services rendered from regulated business within this state during the preceding taxable year, except that with regard to electric cooperatives, only distribution electric cooperatives are subject to the gross receipts portion of the license fee under this subitem.

(B) The minimum license fee under this section is \$25.

NEW INFORMATION

1. South Carolina has updated income tax laws to conform with the Internal Revenue Code of 1986, as amended through December 31, 1999, including the effective dates.
2. The line 17 Section 12-20-105 credit is for amounts paid in cash to provide infrastructure for an eligible project. Effective June 11, 1999, the term "infrastructure" for an eligible project has been expanded to include industrial shell buildings and the purchase of land for an office, business or industrial park.
3. Effective June 30, 1999, notwithstanding the statute of limitations, the time allotted for requesting a corporate refund has been extended from thirty days to ninety days from the date the Internal Revenue Service changes the taxable income.
4. The signature section of the return contains a new area for the preparer's telephone number.

INSTRUCTIONS

Line 17 Instructions - If the company paid cash to provide infrastructure for an eligible project, enter the amount on line 17. Attach a schedule to the return setting forth the name of the person completing the project, a description of the project, under what section or sections of the statute the project qualifies, the amounts in cash that were paid for infrastructure and to whom and when paid, a description of the infrastructure, and the date the infrastructure was completed or is expected to be completed. If the infrastructure has not been completed as of the date the return is filed, the tax payer must include a waiver of the statute of limitations. The maximum credit for a single tax year may not exceed \$300,000. If the credit exceeds tax liability, the excess may be carried forward and deducted in the succeeding tax year. For more information see SC Revenue Ruling #96-11.

Refer to SC1120 instructions if Public Utilities 'C' Corporation.

Refer to SC1120S instructions if Public Utilities 'S' Corporation.

09/17/2001 - 08:39:03 AM
SC CONS W/DUXE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 7 of Set 1

	DUKE ENERGY 16-0705520	CLY DEVELOP 16-1322851	CAROLINA CTES 16-1174729	CLES COM SC 16-2038203	CRESIDENT RES 17-0442587	DELS RESOURCES 16-1553876
***** *NON-BUSINESS INCOME* *****						
EVERYWHERE:						
INTEREST INCOME	0	0	0	0	0	0
DIVIDEND INCOME	887,789	887,789	0	0	0	0
RENTAL INCOME	0	0	0	0	0	0
ROYALTY INCOME	0	0	0	0	0	0
NET GAIN OR LOSS	310,599,925	3,006,403	0	0	(29,147,409)	0
OTHER INCOME	0	0	0	0	0	0
LESS: RELATED EXPENSES	0	0	0	0	0	0
TOTAL EVERYWHERE	381,487,714	3,894,272	0	0	(29,147,409)	0
WITHIN:						
INTEREST INCOME	0	0	0	0	0	0
DIVIDEND INCOME	0	0	0	0	0	0
RENTAL INCOME	0	0	0	0	0	0
ROYALTY INCOME	0	0	0	0	0	0
NET GAIN OR LOSS	(14,464,439)	119,766	0	0	(14,584,405)	0
OTHER INCOME	0	0	0	0	0	0
LESS: RELATED EXPENSES	0	0	0	0	0	0
TOTAL WITHIN	(14,464,439)	119,766	0	0	(14,584,405)	0

SCH M-1 - COMPUTATION OF 4 FACTOR APPOINTMENT

PROPERTY RATIO

WITHIN SOUTH CAROLINA
COLUMN A - BEGINNING PERIOD

1. LAND	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	5,629,325,458	0	0	0	0	0
4. INVENTORIES	92,534,983	0	0	0	0	0
5. OTHER PROPERTY	102,659,727	0	0	0	0	0
6. EXCLUSIONS	107,659,727	0	0	0	0	0
7. TOTAL	5,721,860,441	0	0	0	0	0

COLUMN B - ENDING PERIOD

1. LAND	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	5,792,476,541	0	0	0	0	0
4. INVENTORIES	96,034,849	0	0	0	0	0
5. OTHER PROPERTY	129,530,054	0	0	0	0	0
6. EXCLUSIONS	129,330,831	0	0	0	0	0
7. TOTAL	5,889,272,390	0	0	0	0	0

8. AVERAGE OF BEGINNING & ENDING PERIOD
9. AVERAGE OF LEASE VALUE

8. AVERAGE OF BEGINNING & ENDING PERIOD	5,805,565,916	0	0	0	0	0
9. AVERAGE OF LEASE VALUE	66,336,637	0	0	0	0	0
10. TOTAL PROPERTY (COLUMN 1)	5,869,944,548	0	0	0	0	0

AS ORIGINALLY FILED

5389

DES00011678

09/17/2001 - 08:39:03 AM

1000 CONSOL. SO. CAROLINA FORM 1120

Page 7 of Set 2

SC CODE W/DUKE POWER
YEAR: 2000

DUKE E&S 26-6017030	DUKINET 26-1872392	DUKE WENCHAM 26-1876267	DUKE WATER 26-1876379	M-P SUPPLY 26-0377240	TECHTRAL 26-1940719	INTERA 26-1921649

"NON-BUSINESS INCOME"

EVERYWHERE:

INTEREST INCOME	0	0	0	0	0	0
DIVIDEND INCOME	0	0	0	0	0	0
RENTAL INCOME	0	0	0	0	0	0
ROYALTY INCOME	0	0	0	0	0	0
NET GAIN OR LOSS	0	406,741,049	0	0	0	0
OTHER INCOME	0	0	0	0	0	0
LESS: RELATED EXPENSES	0	0	0	0	0	0
TOTAL EVERYWHERE	0	406,741,049	0	0	0	0

WITHIN:

INTEREST INCOME	0	0	0	0	0	0
DIVIDEND INCOME	0	0	0	0	0	0
RENTAL INCOME	0	0	0	0	0	0
ROYALTY INCOME	0	0	0	0	0	0
NET GAIN OR LOSS	0	0	0	0	0	0
OTHER INCOME	0	0	0	0	0	0
LESS: RELATED EXPENSES	0	0	0	0	0	0
TOTAL WITHIN	0	0	0	0	0	0

"SCH M-1 - COMPUTATION OF 4 FACTOR AFFORTIONMENT"

PROPERTY RATIO

WITHIN SOUTH CAROLINA
COLUMN A - BEGINNING PERIOD

1. LAND	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	203,911	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0	0
7. TOTAL	203,911	0	0	0	0	0

COLUMN B - ENDING PERIOD

1. LAND	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	197,124	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0	0
7. TOTAL	197,124	0	0	0	0	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	198,019	0	0	0	0	0
9. RENTAL OR LEASE VALUE	636,888	0	0	0	0	0
10. TOTAL PROPERTY (COLUMN 1)	824,866	0	0	0	0	0

AS ORIGINALLY FILED

5390

DES00011679

09/17/2001 - 08:39:03 AM
SC COMS W/DUKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 7 of Set 4

CRESCENT LIT DSUIC WEST CAR POWER SUGAR PROPERTY VENTURES LLC
36-1749813 56-2036114 56-0831269 58-2702808 21-1743575

"NON-BUSINESS INCOME"

EVERYWHERE:

INTEREST INCOME	0	0	0	0	0
DIVIDEND INCOME	0	0	0	0	0
RENTAL INCOME	0	0	0	0	0
ROYALTY INCOME	0	0	0	0	0
NET GAIN OR LOSS	0	0	0	0	0
OTHER INCOME	0	0	0	0	0
LESS: RELATED EXPENSES	0	0	0	0	0
TOTAL EVERYWHERE	0	0	0	0	0

WITHIN:

INTEREST INCOME	0	0	0	0	0
DIVIDEND INCOME	0	0	0	0	0
RENTAL INCOME	0	0	0	0	0
ROYALTY INCOME	0	0	0	0	0
NET GAIN OR LOSS	0	0	0	0	0
OTHER INCOME	0	0	0	0	0
LESS: RELATED EXPENSES	0	0	0	0	0
TOTAL WITHIN	0	0	0	0	0

"SCH M-1 - COMPUTATION OF 4 FACTOR APPOINTMENT"

PROPERTY RATIO

WITHIN SOUTH CAROLINA
COLUMN A - BEGINNING PERIOD

1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0
7. TOTAL	0	0	0	0	0

COLUMN B - ENDING PERIOD

1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0
7. TOTAL	0	0	0	0	0

8. AVERAGE OF BEGINNING & ENDING PERIOD

9. RENTAL OR LEASE VALUE	0	0	0	0	0

10. TOTAL PROPERTY (COLUMN 1)

AS ORIGINALLY FILED

5392

DES00011681

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 8 of Set 1

SE CONS W/DUKE POWER
Year: 2000

	DUKE ENERGY 16-0703529	CLY DEVELOP 16-1252831	CAROLINA CTAS 16-1124723	CRES CON SC 16-7020103	CRESIDENT RES 17-0412587	DEAS RESOURCES 16-1932976
AVERAGE						
COLUMN A - BEGINNING PERIOD						
1. LAND	6,783,007	0	0	0	0	0
2. BUILDINGS	240,744,849	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	16176928003	0	0	0	0	0
4. INVENTORIES	208,094,396	0	0	0	0	0
5. OTHER PROPERTY	398,061,927	0	0	0	0	0
6. EXCLUSIONS	318,051,322	0	0	0	0	0
7. TOTAL	16752750175	0	0	0	0	0
COLUMN B - ENDING PERIOD						
1. LAND	8,062,171	0	0	0	0	0
2. BUILDINGS	259,600,712	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	16181399180	0	0	0	0	0
4. INVENTORIES	355,178,967	0	0	0	0	0
5. OTHER PROPERTY	390,462,223	0	0	0	0	0
6. EXCLUSIONS	789,551,109	0	0	0	0	0
7. TOTAL	17808353144	0	0	0	0	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	17080551960	0	0	0	0	0
9. RENTAL OR LEASE VALUE	223,270,132	0	0	0	0	0
10. TOTAL PROPERTY (COLUMN 2)	17407872152	0	0	0	0	0
10. PROPERTY RATIO (COLUMN 3 - COLUMN 1 / COLUMN 2)	33.7102	0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5393

DES00011682

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 8 of Set 3

SC CONS W/DOKE POWER
YEARS: 2000

	DOKE GAS 26-6012038	DOKE/NET 26-1872257	DOKE MERCHANT 26-1225267	DOKE WATER 26-1276537	M-P SUPPLY 26-0322810	TECHNOL 26-1244719	DPTELA 26-1234649
, VERMOREL							
COLUMN A - BEGINNING PERIOD							
1. LAND	0	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	22,446,583	0	0	0	0	428,937	438,728
4. INVENTORIES	0	0	0	0	0	0	0
5. OTHER PROPERTY	2,285,225	0	0	0	0	420,623	0
6. EXCLUSIONS	2,285,066	0	0	0	0	0	0
7. TOTAL	27,446,742	0	0	0	0	1,059,560	438,728
COLUMN B - ENDING PERIOD							
1. LAND	0	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	29,045,596	0	0	0	0	387,145	438,728
4. INVENTORIES	0	0	0	0	0	262,468	0
5. OTHER PROPERTY	1,300	0	0	0	0	0	0
6. EXCLUSIONS	1,300	0	0	0	0	0	0
7. TOTAL	29,045,596	0	0	0	0	1,249,613	438,728
8. AVERAGE OF BEGINNING & ENDING PERIOD	28,356,169	0	0	0	0	1,154,597	438,728
9. ADJUTAL OR LEASE VALUE	79,076,204	0	0	0	0	370,740	0
10. TOTAL PROPERTY (COLUMN 2)	107,432,373	0	0	0	0	1,524,837	438,728
10. PROPERTY RATIO (COLUMN 3 - COLUMN 1 / COLUMN 2)	0.7771	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5394

DES00011683

09/19/2001 - 08:35:03 AM
SC CONS W/DUKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 8 of Set 3

	DOCKSAVING 26-2117886	DUKE PROJ SERV 26-0839676	DUKESOLUTIONS 26-0904617	DETNI MET, INC 26-1734547	WATERK POWER 26-0731403	CREDNVILLE 26-0831274	SOUTHEAN POWER 26-0831283
EVERYWHERE							
COLUMN A - BEGINNING PERIOD							
1. LAND	0	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	4,241,990	14,479,088	22,871,630	0	0	0
4. INVENTORIES	0	0	0	38,427,988	0	0	0
5. OTHER PROPERTY	5,223,762	0	1,819,160	0	0	0	0
6. EXCLUSIONS	0	0	1,819,160	0	0	0	0
7. TOTAL	5,223,762	4,241,990	14,479,088	61,299,618	0	0	0
COLUMN B - ENDING PERIOD							
1. LAND	0	0	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	5,757,902	29,607,408	49,563,133	0	0	0
4. INVENTORIES	0	0	1,406,220	23,573,422	0	0	0
5. OTHER PROPERTY	6,255,918	0	5,375,452	18,164,153	0	0	0
6. EXCLUSIONS	163,440	0	9,275,452	18,164,153	0	0	0
7. TOTAL	6,092,478	5,757,902	31,207,628	72,136,555	0	0	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	5,658,120	5,000,946	22,841,358	66,718,087	0	0	0
9. RENTAL OR LEASE VALUE	1,757,048	12,813,322	36,687,816	311,855,639	0	0	0
10. TOTAL PROPERTY (COLUMN 2)	7,415,160	27,817,318	59,529,174	399,541,746	0	0	0
10. PROPERTY RATIO (COLUMN 1 - COLUMN 1 / COLUMN 2)	4.7912	0.0000	0.0000	1.0541	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5395

DES00011684

09/17/2001 - 08:39:03 AM
SC CONS W/DUKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1170

Page 8 of Set 4

	CRESCENT LIT 24-1722817	DSLIC 24-7026114	WEST CAR POWER 24-0821245	SUGAR PROPERTY 22-1701109	VENTURES LLC 21-1741475
.YEARWEEK					
COLUMN A - BEGINNING PERIOD					
1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0
7. TOTAL	0	0	0	0	0
COLUMN B - ENDING PERIOD					
1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0
7. TOTAL	0	0	0	0	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	0	0	0	0	0
9. RENTAL OR LEASE VALUE	0	0	0	0	0
10. TOTAL PROPERTY (COLUMN 2)	0	0	0	0	0
10. PROPERTY RATIO (COLUMN 3 - COLUMN 1 / COLUMN 2)	0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5396

DES00011685

09/17/2001 - 08:39:03 AM
SC COMS W/DUKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 9 of Set 1

	DUKE ENERGY 16-0205570	CLT DEVELOP 16-1292831	CAROLINA CTAS 16-1124729	CRES COM SC 16-7070202	CRESIDENT ALS 17-0447582	DEIS RESOURCES 16-1553974
PAYROLL RATIO						
WITHIN SOUTH CAROLINA						
11. GROSS PAYROLL (COLUMN 1)	262,577,323	0	0	0	0	3,127,135
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS	1,146,406	0	0	0	0	0
13. TOTAL PAYROLL (COLUMN 1)	262,432,917	0	0	0	0	3,127,135
EVERYWHERE						
11. GROSS PAYROLL (COLUMN 2)	716,441,117	0	0	0	0	15,271,551
12. LESS: OFFICERS COMPENSATION & EXCLUSION	10,822,739	0	0	0	0	0
13. TOTAL PAYROLL (COLUMN 2)	705,618,378	0	0	0	0	15,271,551
14. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	37.1817	0.0000	0.0000	0.0000	0.0000	20.4763
SALES RATIO						
WITHIN SOUTH CAROLINA						
11. TOTAL SALES (COLUMN 1)	1,281,338,343	0	0	25,029,312	0	1,776,139
EVERYWHERE						
11. TOTAL SALES (COLUMN 2)	14188807844	0	0	25,029,312	0	20,750,455
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	9.0306	0.0000	0.0000	100.0000	0.0000	17.7010
13. TOTAL SALES WITHIN S.C. (COLUMN 1)	1,281,338,343	0	0	25,029,312	0	1,776,139
13. TOTAL SALES EVERYWHERE (COLUMN 2)	14188807844	0	0	25,029,312	0	20,750,455
13. EXTRA SALES RATIO (COLUMN 3)	9.0306	0.0000	0.0000	100.0000	0.0000	17.7010
14. TOTAL OF RATIOS	88.9621	0.0000	0.0000	200.0000	0.0000	47.8949
17. ARITHMETICAL AVERAGE OF RATIOS	77.7408	0.0000	0.0000	100.0000	0.0000	15.9650

AS ORIGINALLY FILED

5397

DES00011686

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 3 of Set 2

SC COMPS W/DUKE POWER
Year: 2000

	DUKE E&S 26-1027028	DUKECHRY 26-1815232	DUKE MICHIGAN 26-1226167	DUKE WATER 26-1976572	M-F SUPPLY 26-0277860	TECHTRON 26-1144719	INTERA 26-1334619
AVROLL RATIO							
WITHIN SOUTH CAROLINA							
11. GROSS PAYROLL (COLUMN 1)	8,307,934	0	0	0	0	0	0
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS	0	0	0	0	0	0	0
13. TOTAL PAYROLL (COLUMN 1)	8,307,934	0	0	0	0	0	0
EVERYWHERE							
11. GROSS PAYROLL (COLUMN 2)	124,133,015	0	0	0	0	0	0
12. LESS: OFFICERS COMPENSATION & EXCLUSION	3,037,181	0	0	0	0	0	0
13. TOTAL PAYROLL (COLUMN 2)	127,080,831	0	0	0	0	0	0
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	6.7500	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
SALES RATIO							
WITHIN SOUTH CAROLINA							
14. TOTAL SALES (COLUMN 1)	19,919,637	0	0	0	0	709,721	54,145
EVERYWHERE							
14. TOTAL SALES (COLUMN 2)	751,629,704	0	0	0	116,930	2,467,264	1,001,372
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	5.6650	0.0000	0.0000	0.0000	0.0000	8.5001	5.4060
15. TOTAL SALES WITHIN S.C. (COLUMN 1)	19,919,637	0	0	0	0	709,721	54,145
15. TOTAL SALES EVERYWHERE (COLUMN 2)	751,629,704	0	0	0	116,930	2,467,264	1,001,372
15. EXTRA SALES RATIO (COLUMN 3)	5.6650	0.0000	0.0000	0.0000	0.0000	8.5001	5.4060
16. TOTAL OF RATIOS	18.8531	0.0000	0.0000	0.0000	0.0000	17.0002	10.8120
17. ARITHMETICAL AVERAGE OF RATIOS	4.7113	0.0000	0.0000	0.0000	0.0000	5.6667	3.4040

AS ORIGINALLY FILED

5398

DES00011687

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 9 of Set 3

DC COMS W/DOKE POWER
Total: 2000

PAYROLL RATIO

WITHIN SOUTH CAROLINA

	DCOMSRV INC 16-2117886	DUKE PROJ SERV 26-0858676	DUKESOLUTIONS 26-0904663	DETHI MGT, INC 26-1274542	MATEARE POWER 26-0751405	GREENVILLE 26-0891274	SOUTHEAST POWER 26-0891283
11. GROSS PAYROLL (COLUMN 1)	0	123,844	0	1,555,838	0	0	0
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS	0	0	0	0	0	0	0
13. TOTAL PAYROLL (COLUMN 1)	0	123,844	0	1,555,838	0	0	0

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)	0	37,287,044	24,530,722	174,806,338	0	0	0
12. LESS: OFFICERS COMPENSATION & EXCLUSION	0	1,065,402	1,011,360	28,051,192	0	0	0
13. TOTAL PAYROLL (COLUMN 2)	0	36,221,642	23,519,362	146,755,126	0	0	0
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	0.0000	0.3420	0.0000	1.0462	0.0000	0.0000	0.0000

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)	136,535	3,237,790	3,477,503	4,563,596	0	0	0

EVERYWHERE

14. TOTAL SALES (COLUMN 2)	3,141,720	3,188,774,885	260,485,326	18977265718	0	0	0
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	4.3159	0.2725	2.1786	0.0240	0.0000	0.0000	0.0000
15. TOTAL SALES WITHIN S.C. (COLUMN 1)	136,535	3,237,790	3,477,503	4,563,596	0	0	0
15. TOTAL SALES EVERYWHERE (COLUMN 2)	3,141,720	3,188,774,885	260,485,326	18977265718	0	0	0
15. EXTRA SALES RATIO (COLUMN 3)	4.3159	0.2725	2.1786	0.0240	0.0000	0.0000	0.0000
16. TOTAL OF RATIOS	13.3330	0.8870	4.2572	2.1483	0.0000	0.0000	0.0000
17. ARITHMETICAL AVERAGE OF RATIOS	4.6643	0.2718	1.0443	0.5372	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5399

DES00011688

09/19/2001 - 09:39:03 AM
SC COME W/DUXE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 3 of Set 4

PAYROLL RATIO

WITHIN SOUTH CAROLINA

11. GROSS PAYROLL (COLUMN 1)
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS
13. TOTAL PAYROLL (COLUMN 1)

CRESCENT LIT 56-1793012	DSLLC 56-2096114	WEST CAR POWER 56-0891249	SUGAR PROPERTY 58-7207808	VENTURES LLC 21-1743975
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)
12. LESS: OFFICERS COMPENSATION & EXCLUSION
13. TOTAL PAYROLL (COLUMN 2)
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)

0	0	0	0	0

EVERYWHERE

14. TOTAL SALES (COLUMN 2)
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

15. TOTAL SALES WITHIN S.C. (COLUMN 1)
15. TOTAL SALES EVERYWHERE (COLUMN 2)
15. EXTRA SALES RATIO (COLUMN 3)

0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

16. TOTAL OF RATIOS

0.0000	0.0000	0.0000	0.0000	0.0000

17. ARITHMETICAL AVERAGE OF RATIOS

0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5400

DES00011689

09/17/2001 - 09:39:03 AM

SC CONS W/DUKIE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 10 of 341 1

	DUKE ENERGY 16-0703179	CLY DEVELOP 16-1227851	CAROLINA CTAS 16-1124173	CRES COM SC 16-7030309	CRESCENT RES 17-0413187	DEIS RESOURCES 16-1153176
***** "SCHEDULE M-2 GROSS RECEIPTS RATIO" *****						
1. TOTAL GROSS RECEIPTS	0	0	0	0	37,624,217	0
2. LESS: EXCLUSION	0	0	0	0	34,481,627	0
3. GROSS RECEIPTS (FOR RATIO)	0	0	0	0	3,142,590	0

1. TOTAL GROSS RECEIPTS	0	5,841,394	0	0	147,232,211	0
2. LESS: EXCLUSION	0	0	0	0	129,943,116	0
3. GROSS RECEIPTS (FOR RATIO)	0	5,841,394	0	0	17,289,095	0
4. RATIO OF GROSS RECEIPTS	0.0000	0.0000	0.0000	0.0000	7.7546	0.0000

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

4. RATIO OF GROSS RECEIPTS

AS ORIGINALLY FILED

5401

DES00011690

09/17/2001 - 09:39:03 AM
 SC CONS W/DUKE POWER
 Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1170

Page 10 of Set 7

DUKE GAS	DUKEMET	DUKE MERCHANT	DUKE WATER	M-P SUPPLY	TECHTROL	INTERA
56-6072038	56-1879332	56-1876567	56-1876529	56-0322840	56-1544219	56-1934449

 SCHEDULE M-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	37,315,260	0	0	0	0	0
0	0	0	0	0	0	0
0	37,315,260	0	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	106,631,751	0	0	0	0	0
0	0	0	0	0	0	0
0	106,631,751	0	0	0	0	0

4. RATIO OF GROSS RECEIPTS

0.0000	70.3055	0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5402

DES00011691

09/17/2001 - 08:39:03 AM

SC CONS W/DUKE POWER
YEAR: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 10 of Set 3

DOCSBYDC 26-1111111	DUKE PROJ SERV 26-081843E	DUKESOLUTIONS 26-030164Z	DETHI WGT. INC 26-177454Z	WATEREE POWER 26-075140Z	GREENVILLE 26-0831774	SOUTHEAN POWER 26-0831783

SCHEDULE M-1 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)
4. RATIO OF GROSS RECEIPTS

0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5403

DES00011692

09/17/2001 - 09:39:03 AM
SC CONS W/DUKI POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 10 of Set 4

CRESCENT LAY	DSLLC	WEST CAR POWER	SUGAR PROPERTY	VENTURES LLC
26-1759812	26-7096114	26-0891769	28-7202809	21-1759975

"SCHEDULE M-2 GROSS RECEIPTS RATIO"

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	22,596,484	0
0	0	0	0	0
0	0	0	22,596,484	0

4. RATIO OF GROSS RECEIPTS

0.0000	0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5404

DES00011693

09/17/2001 - 09:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 1

SC CODE W/DUKE POWER
YEAR: 2000

	DUKE ENERGY 26-0703570	CIT DEVELOP 26-1932831	CAROLINA CTAS 26-1174123	CAES COM SC 26-2030203	CRESCENT RES 27-0443387	DEAS RESOURCES 26-1932876
1. TOTAL WITHIN SOUTH CAROLINA	0	0	0	0	0	0
2. TOTAL FOR SYSTEM	0	0	0	0	0	0
3. RATIO	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

SCHEDULE M-3 RATIO FOR PUBLIC SERVICE CORPS

SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

PART I - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	1,293,580,762	831,361,794	0	0	14,633,676	5,025,382	(118,057)
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	102,956,965	57,617,005	0	0	942,744	13,659,034	14,426
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	1,396,537,727	888,978,801	0	0	15,602,440	24,684,416	(122,483)
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 4 SCH G	103,507,229	136,969,645	0	0	15,602,440	(10,676,412)	(29,554)
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	103,507,229	136,969,645	0	0	15,602,440	(10,676,412)	119,550
7. TAX: (5.0%)	10,175,361	10,175,361	0	0	0	0	0
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE RECD.	0	0	0	0	0	0	0
9. BALANCE (LN 7 - 8)	10,175,361	10,175,361	0	0	0	0	0
10. CREDIT CARRYOVER (LINE 4 OF SCHEDULE C)	0	0	0	0	0	0	0
NONREFUNDABLE CREDITS (LINE 3 OF SCH C)	420,000	420,000	0	0	0	0	0
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)	9,755,361	9,755,361	0	0	0	0	0
12. INTEREST ON DISC-DEFERRED TAX LIAB. OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL	0	0	0	0	0	0	0
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)	9,755,361	9,755,361	0	0	0	0	0
14. PAYMENTS: (A) TAX WITHHELD (LN-21)	0	0	0	0	0	0	0
(B) PAID BY DECLARATION	23,321,048	21,321,048	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0	0	0
(D) CREDIT FROM LINE 293	0	0	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)	23,321,048	21,321,048	0	0	0	0	0
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)	(13,565,687)	(13,565,687)	0	0	0	0	0
17. TOTAL INTEREST AND PENALTY DUE	0	0	0	0	0	0	0
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16-17)	0	0	0	0	0	0	0
19. OVERPAYMENT (LN 15 - 12) TO APPLY AS FOLLOWS:	13,565,687	13,565,687	0	0	0	0	0
(A) OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS	13,518,937	13,518,937	0	0	0	0	0
(B) ESTIMATED TAX	5,000,000	5,000,000	0	0	0	0	0
(C) LICENSE TAX	46,750	46,750	0	0	0	0	0
(D) REFUNDED	8,518,937	8,518,937	0	0	0	0	0

AS ORIGINALLY FILED

5405

DES00011694

09/17/2001 - 08:31:03 AM
SC CONS W/DOKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 2

DUKE SLS 26-8071031	DUNNET 26-1872397	DUKE REICHARD 26-1976767	DUKE WATER 26-1976533	M-P SUPPLY 26-0327840	TECHTRON 26-1164719	INTERA 26-1934619
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

"SCHEDULE M-3 RATIO FOR PUBLIC SERVICE CORPS"

"SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120"

PART I - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	(10,036,166)	397,039,157	0	0	371,516	(928,894)	(1,491,486)
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	1,412,642	16,122,179	0	0	27,335	(59,411)	0
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	(8,623,524)	413,761,336	0	0	399,051	(988,305)	(1,491,486)
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH C	(396,167)	2,127,533	0	0	0	(55,993)	(60,608)
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	(396,167)	2,127,533	0	0	0	(55,993)	(60,608)
7. TAX: (5.0%)							
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.							
9. BALANCE (LN 7 - 8)							
10. CREDIT CARRYOVER (LINE 4 OF SCHEDULE C)							
NONREFUNDABLE CREDITS (LINE 3 OF SCH C)							
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)							
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB, TOTAL							
13. TOTAL TAX AND/OR INTEREST (LN 11 - 12)							
14. PAYMENTS: (A) TAX WITHHELD (LN-2)	0	0	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)							
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)							
17. TOTAL INTEREST AND PENALTY DUE							
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16-17)							
19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS: * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS (A) ESTIMATED TAX (B) LICENSE FEE (C) REFUNDED							

100 ORIGINALLY FILED

5406

DES00011695

09/17/2001 - 08:39:03 AM
SC CONS W/DOKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 3

DOCKERVINC	DUKE PROJ SERV	DUKESOLUTIONS	DETHI MGT, INC	WATERLE POWER	CALEDVILLE	SOUTHERN POWER
11-2117886	16-0828476	16-0904412	12-1774567	16-0751405	16-0821274	16-0821783
***** "SCHEDULE M-3 RATIO FOR PUBLIC SERVICE COMPES" *****						
1. TOTAL WITHIN SOUTH CAROLINA	0	0	0	0	0	0
2. TOTAL FOR SYSTEM	0	0	0	0	0	0
3. RATIO	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

"SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120"

PART I - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	(2,607,964)	3,586,164	(25,946,309)	72,551,824	0	0	0
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	(197,453)	0	(1,412,751)	6,524,395	0	0	0
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	(2,805,417)	3,586,164	(27,359,060)	79,076,219	0	0	0
4. IF MULTI-STATE CORP. ENTER AMT FROM LN 6 SCH G	(125,242)	7,954	(291,182)	424,814	0	0	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	(125,242)	7,954	(291,182)	424,814	0	0	0
7. TAX: (5.0%)							
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE AEC.							
9. BALANCE (LN 7 - 8)							
10. CREDIT CARRYOVER (LINE 4 OF SCHEDULE C)							
NONREFUNDABLE CREDITS (LINE 3 OF SCH C)							
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)							
12. INTEREST ON DISC-DEFERRED TAX LIAB. OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL							
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)							
14. PAYMENTS: (A) TAX WITHHELD (LN-1)	0	0	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)							
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)							
17. TOTAL INTEREST AND PENALTY DUE							
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16-17)							
9. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS: * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS							
(A) ESTIMATED TAX							
(B) LICENSE FEE							
(C) REFUND							

FORM 1120

5407

DES00011696

09/17/2001 - 09:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 11 of Set 4

SC CONS W/DUKE POWER
YEAR: 2000

CRESCENT LAT 26-1739813	ESLIC 26-1896114	WEST CAR POWER 26-0931249	SUGAR PROPERTY 26-1702109	VENTURES LLC 21-1743235
***** "SCHEDULE M-3 RATIO FOR PUBLIC SERVICE CORPS" *****				
0	0	0	0	0
0	0	0	0	0
0.0000	0.0000	0.0000	0.0000	0.0000

1. TOTAL WITHIN SOUTH CAROLINA
2. TOTAL FOR SYSTEM
3. RATIO

"SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120"

PART 1 - COMPUTATION OF INCOME TAX LIABILITY

1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	0	0	0	10,287,123	0
2. NET ADJUSTMENTS (FROM LINE 17, SCH A & B)	0	0	0	1,327,392	0
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	0	0	0	11,614,515	0
4. IF MULTI-STATE CORP. ENTER AMT FROM LN 6 SCH C	0	0	0	0	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	0	0	0	0	0
7. TAX: (5.0%)					
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.					
9. BALANCE (LN 7 - 8)					
10. CREDIT CARRYOVER (LINE 4 OF SCHEDULE C)					
NONREFUNDABLE CREDITS (LINE 3 OF SCH C)					
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)					
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL					
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)	0	0	0	0	0
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 255	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)					
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)					
17. TOTAL INTEREST AND PENALTY DUE					
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16-17)					
19. OVERPAYMENT (LN 15 - 18) TO APPLY AS FOLLOWS: * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS					
(A) ESTIMATED TAX					
(B) LICENSE FEE					
(C) REFUNDED					

AS ORIGINALLY FILED

5408

DES00011697

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 1

SC COME W/DUKE POWER
YEARS 2000

	DUNE EMERY 95-0703570	CLT DEVELOP 95-1221851	CAROLINA CTNS 95-1176772	CRIS CON SC 95-1070705	CRISCENT RES 97-0117502	DEIS RESOURCES 95-1351976
PART II COMPUTATION OF LICENSE FEE						
20. TOTAL CAPITAL AND PAID IN SURPLUS	8,069,357	0	0	0	0	0
21. FEE DUE + LINE 20 X \$.001 + \$15.00 1615 NIM	6,366,750	4,358,301	75	0	0	25
22. LESS APPLICATION OF CORP. IN CREDIT	0	0	0	0	0	0
23. BALANCE (LN 21 - 22)	6,366,750					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	6,310,000	6,320,000	0	0	0	0
(B) CREDIT FROM LINE 23(B)	46,750	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	6,366,750					
26. BALANCE OF FEE DUE (LN 23 - 25)	0					
27. (A) INTEREST DUE	0					
(B) PENALTY DUE	0					
TOTAL INTEREST AND PENALTY	0					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)	0					
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:	0					
(A) ESTIMATED TAX	0					
(B) INCOME TAX	0					
(C) REFUNDED	0					
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE	0					
SCHEDULE A/3 ADD & DEDUCT TO YTD NET INCOME						
1. TAXES ON OR MEASURED BY INCOME	87,465,872	57,231,355	0	0	942,764	4,485,651
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	5,419,921	5,419,921	0	0	0	0
4. OTHER ADDITION #2	1,906,339	1,906,339	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	15,173,447	0	0	0	15,173,447	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	109,965,475	64,623,535	0	0	942,764	15,659,094
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	7,008,510	7,008,510	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	7,008,510	7,008,510	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	102,956,965	57,615,025	0	0	942,764	15,659,094
SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE 1)						
1. TOTAL CREDITS (FROM SCHEDULE 1)	420,000	300,000	0	0	120,000	0
2. TAX (LN 9, PART I, SC1120)	10,175,361					
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I (CARP RET))	420,000	300,000	0	0	120,000	0

AS ORIGINALLY FILED

5409

DES00011698

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 2

SC CORP W/DUKE POWER
Year: 2000

	DUKE GAS 26-4027038	DUKEINITY 26-1873327	DUKE KECHAWD 26-1926367	DUKE WATER 26-1976525	M-P SUPPLY 26-0372840	TECHTRON 26-1544719	INTEAA 26-1331649
PART II COMPUTATION OF LICENSE FEE							
20. TOTAL CAPITAL AND PAID IN SURPLUS	4,994,767	0	0	0	0	98,464	824,956
21. FEE DUE - LINE 20 X 5.001 = \$15.00 (\$25 MIN)	3,010	0	25	25	25	113	840
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0	0	0
23. BALANCE (LN 21 - 22)	0	0	0	0	0	0	0
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	0	0	0	0	0	0	0
26. BALANCE OF FEE DUE (LN 22 - 25)							
27. (A) INTEREST DUE							
(B) PENALTY DUE							
TOTAL INTEREST AND PENALTY							
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)							
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:							
(A) ESTIMATED TAX							
(B) INCOME TAX							
(C) REFUNDED							
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE							

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	1,612,642	16,722,179	0	0	27,535	(59,411)	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0	0	0
4. OTHER ADDITION 12	0	0	0	0	0	0	0
5. OTHER ADDITION 13 (ATTACH SCHEDULE)	0	0	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	1,612,642	16,722,179	0	0	27,535	(59,411)	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11. TO PART I LN 21)	1,612,642	16,722,179	0	0	27,535	(59,411)	0

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE 1)

1. TOTAL CREDITS (FROM SCHEDULE 1)	0	0	0	0	0	0	0
2. TAX (LN 3, PART I, SCH 120)	0	0	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP RET)	0	0	0	0	0	0	0

AS ORIGINALLY FILED

5410

DES00011699

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FOAM 1120

Page 12 of Set 3

SC CORP W/DUKE POWER
Year: 2000

	DCONSAVINC 26-1117886	DUKE PROJ SERV 26-0858436	DUKESOLUTIONS 26-0906663	DETHI MGT. INC 26-1274517	WATEREE POWER 26-0751405	GAEDSVILLE 26-0891774	SOUTHEAST POWER 26-0891783
PART II COMPUTATION OF LICENSE FEE							
20. TOTAL CAPITAL AND PAID IN SURPLUS	108,374	23,787	1,926,834	92,175	0	0	0
21. FEE DUE - LINE 20 X 5.001 = \$15.00 (\$25 MIN)	122	39	1,942	107	25	25	25
22. LESS APPLICATION OF CORP. PD CREDIT	0	0	0	0	0	0	0
23. BALANCE (LN 21 - 22)	0	0	0	0	0	0	0
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	0	0	0	0	0	0	0
26. BALANCE OF FEE DUE (LN 23 - 25)	0	0	0	0	0	0	0
27. (A) INTEREST DUE							
(B) PENALTY DUE							
TOTAL INTEREST AND PENALTY							
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)							
29. OVERPAYMENT (LN 25 - 28) APPLIED AS FOLLOWS:							
(A) ESTIMATED TAX							
(B) INCOME TAX							
(C) REFUND							
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE							

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	(197,453)	0	(1,412,751)	6,526,395	0	0	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	(197,453)	0	(1,412,751)	6,526,395	0	0	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 21)	(197,453)	0	(1,412,751)	6,526,395	0	0	0

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE I)

1. TOTAL CREDITS (FROM SCHEDULE I)	0	0	0	0	0	0	0
2. TAX (LN 9, PART I, SC1120)	0	0	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP RET)	0	0	0	0	0	0	0

AS ORIGINALLY FILED

5411

DES00011700

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 4

SC CONS W/DIKE POWER
Year: 2000

	CRESCENT LVT 16-1777017	DSLIC 21-7096114	WEST CAR POWER 26-0191261	SUGAR PROPERTY 28-2707408	VENTURES LLC 21-1743973
PART II COMPUTATION OF LICENSE FEE					
20. TOTAL CAPITAL AND PAID IN SURPLUS	0	0	0	0	0
21. FEE DUE - LINE 20 X \$.001 + \$15.00 (123 MIN)	0	25	25	0	75
22. LESS APPLICATION OF CORP. HQ CREDIT	0	0	0	0	0
23. BALANCE (LN 21 - 22)	0	0	0	0	0
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN (B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	0	0	0	0	0
26. BALANCE OF FEE DUE (LN 23 - 25)	0	0	0	0	0
27. (A) INTEREST DUE (B) PENALTY DUE TOTAL INTEREST AND PENALTY	0	0	0	0	0
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)	0	0	0	0	0
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS: (A) ESTIMATED TAX (B) INCOME TAX (C) REFUNDED	0	0	0	0	0
30. GRAND TOTAL: INC TAX & LICENSE FEE DUE	0	0	0	0	0

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	0	0	0	1,523,392	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	0	0	0	1,523,392	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11), TO PART I LN 21	0	0	0	1,523,392	0

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULE 1)

1. TOTAL CREDITS (FROM SCHEDULE 1):	0	0	0	0	0
2. TAX (LN 3, PART I, SC1120)	0	0	0	0	0
3. LESSER OF LN 1 OR 2 (TO LN 10 PART I CORP. RET)	0	0	0	0	0

AS ORIGINALLY FILED

5412

DES00011701

09/17/2001 - 09:39:03 AM
SC CONS W/DUKE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 1

4. CREDIT CARRYOVER (LN 1 LESS LN 3)

DUKE ENERGY 56-0705520	CLT DEVELOP 56-1232151	CAROLINA CTES 56-1124723	CAES COM SC 56-7030203	CHESCOM RES 57-0442347	DELS RESOURCES 56-1232376
0	0	0	0	0	0

"SCHEDULE E - COMPUTATION OF LICENSE FEE"

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	7,429,130,116	5,089,927,749	26,879,542	0	0	519,450,016	0
2. S.C. PROPORTION (LN 1 X APPROP RAY M-1.2 OR 3)	8,019,357	0	0	0	0	0	0

"SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS"

1. TOTAL NET INC AS RECON (LN 3 PART 1)	1,336,537,727	889,978,801	0	0	15,602,440	24,484,476	(122,483)
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	381,497,714	3,894,274	0	0	0	(29,147,609)	0
3. TOTAL NET INC SUB TO APPOINT (LN 1 - 2)	1,015,050,013	885,084,527	0	0	15,602,440	53,632,085	(122,483)
4. APPOINTABLE TO SC BY APPOINT. RATIO M-1.2 OR 3	217,971,868	196,849,879	0	0	15,602,440	3,507,994	(19,554)
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	(14,444,639)	119,766	0	0	0	(24,584,405)	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART 2 LN 4)	203,507,229	196,969,645	0	0	15,602,440	(10,676,411)	(19,554)

AS ORIGINALLY FILED

5413

DES00011702

09/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 2

SC CONS W/DUKE POWER
Year: 2000

	DUKE KLS 26-1077078	DUKE NET 26-1875337	DUKE MEADOWS 26-1976267	DUKE WATER 26-1976532	M-P SUPPLY 26-0272840	TECHTRON 26-1244719	INTERA 26-1924649
4. CREDIT CARRYOVER (LN 3 LESS LN 3)	0	0	0	0	0	0	0

SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	105,949,279	97,143,842	0	0	1,000,000	1,737,388	27,890,000
2. S.C. PROPORTION (LN 1 X APPROP RATIO H-1,2 OR 3)	6,926,767	0	0	0	0	98,468	826,956

SCH C - TAXABLE INCOME FOR MULTISTATE OPERATIONS

1. TOTAL NET INC AS RECON (LN 3 PART 1)	18,403,524	413,761,336	0	0	399,051	1988,105	(1,481,486)
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	406,741,049	0	0	0	0	8
3. TOTAL NET INC SUB TO APPOY (LN 1 - 2)	18,403,524	7,020,287	0	0	399,051	1988,105	(1,481,486)
4. APPORTIONABLE TO SC BY APPROP. RATIO H-1,2 OR 3	1396,167	2,127,533	0	0	8	(55,992)	(40,608)
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	0	0	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART 1 LN 4)	(396,167)	7,127,533	0	0	0	(55,992)	(40,608)

AS ORIGINALLY FILED

5414

DES00011703

09/17/2001 - 08:39:03 AM
SC CONS W/DUKE POWER
YEAR: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 12 of Set 3

4. CREDIT CARRYOVER (LN 1 LESS LN 3)

DECONSAVING 56-2117886	DUKE PROJ SERV 56-0928436	DUKESOLUTIONS 56-0901647	DETHI MET. INC 56-1274567	WATEREE POWER 56-0751405	GREENVILLE 56-0851274	SOUTHEAST POWER 56-0837183
0	0	0	0	0	0	0

"SCHEDULE E - COMPUTATION OF LICENSE FEE"

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	2,427,332	10,724,351	181,042,352	17,158,465	0	0	0
2. S.C. PROPORTION (LN 1 X APPROP RAY H-1.2 OR 3)	108,334	73,787	1,926,834	92,175	0	0	0

"SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS"

1. TOTAL NET INC AS RECON (LN 3 PART 1)	(2,805,417)	3,586,164	(27,359,060)	79,079,219	0	0	0
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	0	0	0	0	0	0
3. TOTAL NET INC SUB TO APPOINT (LN 1 - 2)	(2,805,417)	3,586,164	(27,359,060)	79,079,219	0	0	0
4. APPOINTMENTABLE TO SC BY APPOINT. RATIO H-1.2 OR 3	(125,742)	7,954	(291,182)	424,814	0	0	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	0	0	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 4)	(125,742)	7,954	(291,182)	424,814	0	0	0

AS ORIGINALLY FILED

5415

DES00011704

09/17/2001 - 08:39:03 AM
SC CONS W/DONE POWER
Year: 2000

2000 CONSOL. SO. CAROLINA FORM 1120

Page 13 of Set 4

4. CREDIT CARRYOVER (LN 1 LESS LN 7)

CRESCENT LIT 56-1332013	DSLAC 21-1046114	WEST CAR POWER 56-0831159	SUGAR PROPERTY 56-2207804	VENTURES LLC 21-1743375
0	0	0	0	0

"SCHEDULE E - COMPUTATION OF LICENSE FEE"

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR
2. S.C. PROPORTION (LN 1 X APPROP RAT H-1,2 OR 3)

0	0	0	143,564	1,343,435,834
0	0	0	0	0

"SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS"

1. TOTAL NET INC AS BECOM (LN 3 PART 2)
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)
3. TOTAL NET INC SUB TO AFFORT (LN 1 - 2)
4. AFFORTIONABLE TO SC BY AFFORT. RATIO H-1,2 OR 3
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART 1 LN 4)

0	0	0	11,406,515	0
0	0	0	0	0
0	0	0	11,406,515	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

AS ORIGINALLY FILED

5416

DES00011705

01/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 16 of Set 1

SC CONS W/DUKE POWER
Year: 2000

	DUKE ENERGY 16-0705370	CLT DEVELOP 16-1727851	CAROLINA CTAS 16-1124372	CRES COM SC 16-7020205	CRESCENT RES 17-0443582	DEAS RESOURCES 16-1933976
***** *SCHEDULE E - NON-REFUNDABLE TAX CREDITS* *****						
1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0	0	0
2. ADD (A) Drip/Trickle Irrigation System (TC-1)	0	0	0	0	0	0
(B) Minority Business (TC-2)	0	0	0	0	0	0
(C) Water Resources (TC-3)	0	0	0	0	0	0
(D) S. C. New Jobs Credit (TC-4)	0	0	0	0	0	0
(E) SCDNR Rivers (TC-5)	0	0	0	0	0	0
(F) Infrastructure Const/Improvement (TC-6)	420,000	200,000	0	120,000	0	0
(G) Palmetto Seed Capital (TC-7)	0	0	0	0	0	0
(H) Corp HQ Income Tax Application (TC-8)	0	0	0	0	0	0
(I) Child Care Program (TC-9)	0	0	0	0	0	0
(J) B/CLOSE FED PAC EMP HIRING CR (TC-10)	0	0	0	0	0	0
(K) Econ. Impact Zone Property Inv. Credit	0	0	0	0	0	0
(L) CR. FOR HIRING AFDC RECIPIENTS (TC-12)	0	0	0	0	0	0
(M) Additional AFDC Credit (TC-12-A)	0	0	0	0	0	0
(N) Motion Picture Proj/Facility (TC-13)	0	0	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH C LN 1)	420,000	200,000	0	120,000	0	0

RECEIVED

5417

DES00011706

05/17/2001 - 08:39:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 14 of Set 2

SC CORP W/DUKE POWER
Year: 2000

DUKE E&S	DUKEWET	DUKE KENCHAND	DUKE WATER	K-P SUPPLY	TECHTROL	INTELLA
26-6027078	26-1879312	26-1925267	26-1976529	26-0227860	26-1344719	26-1174669

SCHEDULE I - NON-REFUNDABLE TAX CREDITS

1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0	0	0
2. ADD (A) DRIP/TRICKLE IRRIGATION SYSTEM(TC-1)	0	0	0	0	0	0
(B) MINORITY BUSINESS (TC-2)	0	0	0	0	0	0
(C) WATER RESOURCES (TC-3)	0	0	0	0	0	0
(D) S. C. NEW JOBS CREDIT (TC-4)	0	0	0	0	0	0
(E) SCENIC RIVERS (TC-5)	0	0	0	0	0	0
(F) INFRASTRUCTURE CONSTA/IMPROVEMENT(TC-6)	0	0	0	0	0	0
(G) PALMETTO SEED CAPITAL (TC-7)	0	0	0	0	0	0
(H) CORP HQ INCOME TAX APPLICATION (TC-8)	0	0	0	0	0	0
(I) CHILD CARE PROGRAM (TC-9)	0	0	0	0	0	0
(J) B/CLOSE FED FAC EMP HIRING CR (TC-10)	0	0	0	0	0	0
(K) ICOW. IMPACT EONE PROPERTY INV. CREDIT	0	0	0	0	0	0
(L) CL. FOR HIRING AUTC RECIPIENTS (TC-12)	0	0	0	0	0	0
(M) ADDITIONAL ADIC CREDIT (TC-12-A)	0	0	0	0	0	0
(N) MOTION PICTURE PROJ/PROD FACILITY(TC-13)	0	0	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH C LN 1)	0	0	0	0	0	0

AS ORIGINALLY FILED

5418

DES00011707

09/17/2001 - 08:35:03 AM

2000 CONSOL. SO. CAROLINA FORM 1120

Page 14 of Set 3

SC CONS W/DUKE POWER
TAXP: 2000

DECONSAVINC	DUKE PROJ SEAV	DUKE SOLUTIONS	DETME PCT. INC	WATEREE POWER	GREENVILLE	SOUTHERN POWER
26-2117886	26-0958436	26-0204643	26-1274517	26-0751405	26-0891774	26-0101283

SCHEDULE E - NON-REFUNDABLE TAX CREDITS

1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0	0	0
2. ADD (A) DRIP/TRICKLE IRRIGATION SYSTEM (TC-1)	0	0	0	0	0	0
(B) MINORITY BUSINESS (TC-2)	0	0	0	0	0	0
(C) WATER RESOURCES (TC-3)	0	0	0	0	0	0
(D) S. C. NEW JOBS CREDIT (TC-4)	0	0	0	0	0	0
(E) SCOTIC RIVERS (TC-5)	0	0	0	0	0	0
(F) INFRASTRUCTURE CONST/IMPROVEMENT (TC-6)	0	0	0	0	0	0
(G) FARM TO SILEO CAPITAL (TC-7)	0	0	0	0	0	0
(H) CORP HQ INCOME TAX APPLICATION (TC-8)	0	0	0	0	0	0
(I) CHILD CARE PROGRAM (TC-9)	0	0	0	0	0	0
(J) W/CLOSE TED INC EMP HIRING CR (TC-10)	0	0	0	0	0	0
(K) ECON. IMPACT ZONE PROPERTY INV. CREDIT	0	0	0	0	0	0
(L) CR. FOR HIRING AIDC RECIPIENTS (TC-12)	0	0	0	0	0	0
(M) ADDITIONAL AIDC CREDIT (TC-12-A)	0	0	0	0	0	0
(N) MOTION PICTURE PROJ/PROD FACILITY (TC-13)	0	0	0	0	0	0
3. TOTAL CREDITS (LN 1 + 2; ALSO TO SCH E LN 1)	0	0	0	0	0	0

AS ORIGINALLY FILED

5419

DES00011708

09/17/2011 - 09:34:03 AM

2000 CONSOL. SO. CAROLINA FORM 1170

Page 14 of 24

SC CONS W/DUXE POWER
Year: 2000

CRESCENT LAY	DSLLC	WEST CAR POWER	SUGAR PROPERTY	VENTURES LLC
56-1795012	56-7096114	56-0891769	58-2707408	21-1743935
***** "SCHEDULE 1 - NON-REFUNDABLE TAX CREDITS" *****				
1. CREDIT CARRYOVER FROM PREVIOUS YEAR	0	0	0	0
2. ADD (A) DRIFF/TRICKLE IRRIGATION SYSTEM (TC-1)	0	0	0	0
(B) MINORITY BUSINESS (TC-2)	0	0	0	0
(C) WATER RESOURCES (TC-3)	0	0	0	0
(D) S. C. NEW JOBS CREDIT (TC-4)	0	0	0	0
(E) SCENIC RIVERS (TC-5)	0	0	0	0
(F) INFRASTRUCTURE CONSTR/IMPROVEMENT (TC-6)	0	0	0	0
(G) PALMETTO SEED CAPITAL (TC-7)	0	0	0	0
(H) CORP HO INCOME TAX APPLICATION (TC-8)	0	0	0	0
(I) CHILD CARE PROGRAM (TC-9)	0	0	0	0
(J) W/CLOSE FED FAC EMP HIRING CR (TC-10)	0	0	0	0
(K) ECON. IMPACT ZONE PROPERTY INV. CREDIT	0	0	0	0
(L) CR. FOR HIRING AFDC RECIPIENTS (TC-12)	0	0	0	0
(M) ADDITIONAL ADTC CREDIT (TC-13-A)	0	0	0	0
(N) MOTION PICTURE PROD/PROD FACILITY (TC-13)	0	0	0	0
3. TOTAL CREDITS (LN 1 - 2; ALSO TO SCH C LN 1)	0	0	0	0

AS ORIGINALLY FILED

5420

DES00011709

13
14
15

**Deloitte
& Touche**

TAXPAYER

DUKE ENERGY CORPORATION

INSTRUCTIONS FOR FILING

AMENDED CORPORATION TAX RETURN

STATE OF SOUTH CAROLINA

FOR THE YEAR ENDED

DECEMBER 31, 2001

To be signed and dated by	☐ Taxpayer ☐ Taxpayer and spouse ☒ Officer ☐
Amount of Tax	Total Tax \$ Less: payments & credits \$ Balance due (overpayment) \$(4,566,761)
Overpayment	☒ Refunded to you \$4,566,761. ☐ Credited to your estimated tax \$ ☐ \$ refunded and \$ credited
Draw check to N/A	<i>NOTE: Your social security number or employer identification number should be entered on your remittance.</i>
Mail tax return and check (if applicable) to	SC DEPT. OF REVENUE COLUMBIA, SC 29214
Return must be mailed on or before	IMMEIDATELY Certified mail recommended, with return receipt. For metered mail, the meter date is not evidence of timely filing.
Special Instructions	

MISCSTATELTRS



STATE OF SOUTH CAROLINA
'C' CORPORATION INCOME TAX RETURN
 RETURN IS DUE ON OR BEFORE THE 15TH DAY OF THE 3RD
 MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR

Mail This Return To:
 DEPARTMENT OF REVENUE
 Corporation Return
 Columbia, SC 29214-0100

SC1120
 (Rev. 9/96) 3091

AS AMENDED

PEEL-OFF LABEL

PLACE PEEL-OFF LABEL HERE

RETURN FOR 12/31/2001 INCOME
 PERIOD ENDING 12/31/2002 LICENSE
 RETURN DUE 03/15/2002

FILE NO. 20090024-9
 BUSINESS CODE 4911
 EMPLOYER ID NO. 56-0205520

NAME DUKE ENERGY CORPORATION
 STREET ADDRESS MAIL CODE PB05B
 CITY CHARLOTTE STATE NC ZIP CODE 28242

A COPY OF FEDERAL FORM 1120, 1120A, 1120H or 1120F
 AND SUPPORTING SCHEDULES MUST BE ATTACHED
 AND MADE PART OF THIS RETURN

Extension Requested: Yes ☒ No ☐

Type of SC Return: Separate ☐ Consolidated ☐

If Final Return, Indicate Whether: Merged ☐

Reorganized ☐ Dissolved ☐ Withdrawn ☐

County or counties in SC Where Property is located:

VARIOUS

City Audit Location State

CHARLOTTE, NC

Telephone Number: (704) 332-8175

Total cost of land, buildings and land improvements in SC.

Total cost of depreciable personal property in SC.

PART I
 COMPUTATION OF INCOME TAX LIABILITY

1. Federal Taxable Income Per Federal Form 1120 or 1120 A 1. 1,186,327.361
 2. Net Adjustment from line 12, Schedule A and B 2. 11,654.992
 3. Total Net Income As Reconciled (line 1 plus or minus line 2) 3. 1,297,982.353
 4. If Multi-state Corporation, enter amount from line 6, Schedule G; otherwise, enter amount from line 3 4. 22,473,569
 5. LESS: South Carolina net operating loss carryover, if applicable 5. _____
 6. South Carolina Net Income subject to tax (line 4 less line 5) 6. 22,473,569
 7. TAX: Multiply amount on line 6 by .05 (5.0%) 7. 1,123,678
 8. Less tax deferred on income from foreign trade receipts (see instructions) 8. _____
 9. Balance (line 7 less line 8) 9. 1,123,678
 10. Non-refundable credits from line 3, Schedule C 10. <
 11. Balance of tax (line 9 less line 10). Enter the difference but not less than zero 11. 1,123,678
 12. Interest on DISC-deferred tax liability or Foreign Trade deferred tax liability 12. _____
 13. Total tax and/or interest (add lines 11 and 12) 13. 1,123,678
 14. Payments: (a) Tax Withheld (see instructions) (b) Paid by Declaration
 (c) Paid with Tentative Return (d) Credit from line 29b
 15. Total Payments (add lines 14a through 14d) 15. 5,690,440
 16. Balance of Tax and/or Interest Due (line 13 less line 15) 16. 0.00
 17. Interest Due Penalty Due (See penalty and interest instructions.) Enter total. 17. _____
 18. TOTAL INCOME TAX, Interest and Penalty Due (add lines 16 and 17) 18. 0.00
 19. OVERPAYMENT (line 15 less line 13) 4,566,761 To be applied as follows:
 (a) Estimated Tax (b) License Fee (c) Refunded 4,566,761

PART II
 COMPUTATION OF LICENSE FEE

20. Total Capital And Paid In Surplus (Multi-State Corporations See Schedule E) 20. _____
 21. FEE DUE - Line 20 x .001, plus \$15.00 (Fee cannot be less than \$25.00) 21. _____
 22. Less Application of Corporate Headquarters credit (TC-8) 22. _____
 23. Balance (line 21 less line 22) 23. _____
 24. Payments: (a) Paid With Tentative Return (b) Credit from line 19b
 25. Total Payments (add line 24 (a) and (b)) 25. _____
 26. Balance Of Fee Due (line 23 less line 25) 26. _____
 27. Interest Due Penalty Due (See penalty and interest instructions.) Enter total. 27. _____
 28. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 26 and 27) 28. _____
 29. OVERPAYMENT (line 25 less line 23) To be applied as follows:
 (a) Estimated Tax (b) Income Tax (c) Refunded
 30. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 18 and 28) 30. 0.00

Make checks payable to: SC Department of Revenue.

Please Sign Here	I, the undersigned, a principal officer of the corporation for which this return is made, declare that this return including accompanying Annual Report, statements and schedules has been examined by me and is to the best of my knowledge and belief, a true and complete return.		
	Signature of officer	Date	Title
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed ☐ Preparer's social security no.
	Firm's name (or yours if self-employed) and address	E.I. No.	Zip code

SCHEDULE A AND B

ADDITIONS TO FEDERAL NET INCOME

1. Taxes on or Measured By Income	1.	81,398,751
2. Federal Net Operating Loss	2.	
3.	3.	
4. INTEREST ON OBLIGATIONS OF OTHER STATES	4.	4,793,542
5. Other Additions (attach schedule)	5.	27,044,185
6. Total Additions (add lines 1 through 5)	6.	113,236,478

DEDUCTIONS FROM FEDERAL NET INCOME

7. Interest On Obligations Of The U.S.	7.	7,670
8.	8.	
9. SC MUNICIPAL INTEREST	9.	75,365
10. Other Deductions (attach schedule) . . . DEPRECIATION ADJUSTMENT	10.	1,498,451
11. Total Deductions (add lines 7 through 10)	11.	1,581,486
12. Net Adjustment (line 6 less line 11) Also enter on line 2, Part I, SC1120	12.	111,654,992

SCHEDULE C

SUMMARY OF CREDITS (FROM SCHEDULE I)

1. Total Credits (from Schedule I)	1.	685,496
2. Tax (line 9, Part I, SC1120)	2.	5,690,440
3. Lesser of line 1 or 2 (enter on line 10, Part I, SC1120)	3.	685,496
4. Credit Carryover (line 1 less line 3)	4.	0

SCHEDULE D

ANNUAL REPORT TO BE COMPLETED BY ALL CORPORATIONS

1. Name of Corporation DUKE ENERGY COMPANY
2. Date of this Report _____ Fed. E.I. No. 56-0205520
3. Incorporated under the Laws of the State of _____ on _____
4. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
5. Location of the Registered Office of the Corporation in the State of South Carolina is 84 VILLA RD.
in the City of GREENVILLE Registered Agent at such address is JOHN F. LOMAX
6. Was the name of the Corporation changed during the year? NO Give old name _____
7. Date commenced business in the state of South Carolina was 02/24/63
8. Location of principal office (street address) 422 S. CHURCH STREET CHARLOTTE, NC 28202
Nature of principal business in S.C. ELECTRIC UTILITY
9. The Corporation's books are in the care of JEFF BOYER
Located at (street address) 422 S. CHURCH STREET CHARLOTTE, NC 28202
10. If filing consolidated, complete and attach Schedule J for each Corporation included in the consolidation.
11. If a professional corporation are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional services engaged in by the corporation? NO
12. The total number of authorized shares of capital stock itemized by class and series, if any, within each class is as follows:
- | Number of Shares | Class | Series |
|------------------|-------|--------|
|------------------|-------|--------|

13. The total number of Issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | Number of Shares | Class | Series |
|------------------|-------|--------|
|------------------|-------|--------|

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock	\$	6,453,901,802
Total paid in Capital Surplus	\$	3,265,202,780
Total amount of stated Capital	\$	9,719,104,582

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach separate schedule.)

NAME

BUSINESS ADDRESS AND OFFICE

SCHEDULES E, F, G, AND H ARE TO BE COMPLETED BY MULTI-STATE CORPORATIONS**SCHEDULE E COMPUTATION FOR LICENSE FEE - MULTI-STATE CORPORATIONS**

1. Total Capital and Paid-in-Surplus at end of Year \$ 9,719,104,582
 2. S.C. PROPORTION: (line 1 x ratio from Schedule H-1, H-2 or H-3, as appropriate) Also enter on line 20, Part II. \$ 39,181,910

SCHEDULE F INCOME SUBJECT TO DIRECT ALLOCATION

	Gross Amounts 1	Less: Related Expenses 2	Net Amounts Allocated Direct to S.C. and Other States 3	Net Amounts Allocated Directly to S.C. 4	Payrolls to be Excluded from Payroll Factor 5	Property to Be Excluded from Property Factor 6
1. Interest not connected with business	0	0	0	0		
2. Dividends received	0	0	502,573	0		
3. Rents	0	0	0	0	0	0
4. Gains/losses on real property	116,257,472	185,594,843	(69,337,371)	(17,761,018)		
5. Gains/losses on intangible pers. prop.	0	0	0	0		
6. Investment income directly allocated	0	0	0	0	0	0
7. TOTAL INCOME DIRECTLY ALLOCATED			(69,337,371)			
8. INCOME DIRECTLY ALLOCATED TO S.C.				(17,761,018)		
9. TOTALS TO APPORTIONMENT FACTORS					0	0

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR CORPORATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Part I 1.
 2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7 2.
 3. Total net income subject to apportionment (line 1 less line 2) 3.
 4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2 or 3 and enter result here 4.
 5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8 5.
 6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Part I 6. 22,473,569

SCHEDULE H - 1 COMPUTATION OF FOUR FACTOR APPORTIONMENT RATIO

	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land				
2. Buildings				
3. Machinery and Equipment				
4. Inventories				
5. Other Property				
6. Exclusions	<	>	<	>
7. TOTAL (add lines 1 - 5; subtract line 6)				
		1. Within S.C.	2. Total Everywhere	3. Ratio
8. Avg. of Beginning and Ending Period (add line 7a and b and divide by 2)				
9. Rental or Lease Value				
10. TOTAL Property Add lines 8 and 9. (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
11. GROSS Payroll				
12. Less: Officers Compensation and Exclusions	<	>	<	>
13. TOTAL Payroll (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
14. TOTAL Sales (Col. 1 + Col. 2 and enter ratio in Col. 3)				%
15. TOTAL Sales (same as line 14.)				%
16. TOTAL of Ratios (add Column 3 - lines 10, 13, 14 and 15)				%
17. Arithmetical Average of Ratios				%

SCHEDULE H - 2 COMPUTATION OF GROSS RECEIPTS RATIO

	1. In South Carolina	2. Total Everywhere	3. Ratio
1. Total Gross Receipts			
2. Less: Exclusion (see instructions)	<	>	
3. Gross Receipts (for ratio)			
4. Ratio of Gross Receipts (line 3, Col. 1 + line 3, Col. 2)			%

SCHEDULE H - 3 COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS

	Amount	Ratio
1. Total Within South Carolina		
2. Total for System		
3. Ratio (South Carolina + Total System)		%

SCHEDULE I

NON-REFUNDABLE TAX CREDITS

1. Credit Carryover From Previous Year's SC1120, Schedule C (Tax Credits)	1.	_____
2. Add: (a) Drip/Trickle Irrigation System (TC-1)	2a.	_____
(b) Minority Business (TC-2)	b.	_____
(c) Water Resources (TC-3)	c.	_____
(d) South Carolina New Jobs Credit (TC-4)	d.	_____
(e) Scenic Rivers (TC-5)	e.	_____
(f) Infrastructure Construction or Improvement (TC-6)	f.	_____
(g) Palmetto Seed Capital (TC-7)	g.	_____
(h) Corporate Headquarters Income Tax Application (TC-8)	h.	_____
(i) Child Care Program (TC-9)	i.	_____
(j) Base Closure/Federal Facility Employment Reduction Hiring Credit (TC-10) ...	j.	_____
(k) Economic Impact Zone Property Investment Credit (TC-11)	k.	_____
(l) Credit for Hiring AFDC Recipients (TC-12)	l.	_____
(m) Additional AFDC Credit (TC-12-A)	m.	_____
3. Total Credits (add lines 1 and 2a through m and enter on line 1, Schedule C)	3.	_____

SCHEDULE J

CORPORATIONS INCLUDED IN CONSOLIDATED RETURN

AFFILIATED CORPORATION NO. 1

1. Name _____ S.C.I.D. NO. _____
2. Date of this report _____ Fed. E.I. No. _____
3. Address _____
4. Incorporated under the laws of the State of _____ on _____
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal Office _____
Nature of principal business in S.C. _____
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-------|--------|
|------------------|-------|--------|
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-------|--------|
|------------------|-------|--------|
14. The total amount of stated capital per balance sheet is:
- | | |
|--------------------------------|----------|
| Total paid in Capital Stock | \$ _____ |
| Total paid in Capital Surplus | \$ _____ |
| Total amount of stated Capital | \$ _____ |
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME _____

BUSINESS ADDRESS AND OFFICE

For additional affiliated corporations duplicate Schedule J as needed.

STF SC42611F.4

AMENDED

5426

DES00011714

**Adjustments to Duke Power
56-0205520
South Carolina Taxable Income**

	As Filed	Adjustments	As Amended	
Total Net Income as Reconciled	646,107,901		646,107,901	
Less: Income subject to direct allocation	1,831,350		1,831,350	
Total Net Income Subject to Apportionment	644,276,551		644,276,551	
SC Apportionment Ratio				
Property In SC	5,972,702,652	N/A		
Property Everywhere	17,735,135,110	N/A		
Property Factor	0.332092	N/A		
Payroll SC	270,282,729	N/A		
Payroll Everywhere	790,143,609	(790,143,609)		
Payroll Factor	0.342058	(0)		
Receipts SC	1,237,874,965	-	1,237,874,965	
Receipts Everywhere	23,115,270,206		23,115,270,206	Receipts Only
Receipts Factor	0.053552	0.000000	0.053552	
Income Apportioned to SC	125,837,519	(91,335,221)	34,502,298	
Add: Income subject to direct allocation to SC	132,893		132,893	
Total SC Net Income	125,970,412	(91,335,221)	34,635,191	

AMENDED

5427

DES00011715

STATE OF SOUTH CAROLINA 'C' CORPORATION INCOME TAX RETURN Return is due on or before the 15th day of the 3rd month following the close of the taxable year.		Mail Return to: DEPARTMENT OF REVENUE Corporation Return Columbia, SC 29214-0100 SC 1120 (Rev. 9/6/01) 3091	
S.C. FILE # 20090024-9		A COPY OF FEDERAL FORM RETURN MUST BE ATTACHED TO THIS RETURN.	
INCOME TAX PERIOD ENDING 12 31 2001		Check if ☒ Consolidated Return If Final Return, Indicate Whether: Reorganized ☐ Dissolved ☐ Merged ☐ Withdrawn ☐	
LICENSE FEE PERIOD ENDING 12 31 2002 FED E.I.# 56-0205520 NAME DUKE ENERGY CORPORATION MAILING ADDRESS Mail Code PB05B CITY Charlotte STATE NC ZIP CODE 28201-1244		County or Counties in SC Where Property is Located: City Audit Location State Charlotte NC Telephone Number: 704-382-8160 Total Gross Receipts: 20,419,691,137 Total cost of depreciable personal property in SC: 5,882,122,298	
Change of ☐ Address ☐ Accounting Period If you need Corporate returns or coupons mailed to you next year, check this box ☐			

PART I INCOME COMPUTATION	1. Federal Taxable Income per Federal Form 1120 or 1120A	1.	1,166,327,361
	2. Net Adjustment from line 12, Schedule A and B	2.	111,654,992
	3. Total Net Income as Reconciled (line 1 plus or minus line 2)	3.	1,297,982,353
	4. If Multi-state Corporation, enter amount from line 6, Schedule G; otherwise, enter amount from line 3.	4.	113,808,790
	5. LESS: South Carolina net operating loss carryover, if applicable	5.	0
	6. South Carolina Net Income subject to tax (line 4 less line 5)	6.	113,808,790
	7. TAX: Multiply amount on line 6 by .05 (5.0%)	7.	5,690,440
	8. Less tax deferred on income from foreign trade receipts (see instructions)	8.	0
	9. Balance (line 7 less line 8)	9.	5,690,440
	10. Credit Carryover (line 6, Schedule C) ☐ Non-refundable credits (line 5, Schedule C)	10.	685,496
	11. Balance of tax (line 9 less line 10). Enter the difference but not less than zero.	11.	5,004,944
	12. Interest on DISC-deferred tax liability ☐ or Foreign Trade Deferred Tax Liability ☐	12.	0
	13. Total tax and/or interest (add lines 11 and 12)	13.	5,004,944
	14. Payments: (a) Tax Withheld (see instructions) ☐ (b) Paid by Declaration 14,031,067 (c) Paid with Tentative Return ☐ (d) Credit from Line 29b ☐		
	15. Total Payments (add lines 14a through 14d)	15.	14,031,067
16. Balance of Tax and/or Interest Due (line 13 less line 15)	16.	-9,026,123	
17. Interest Due ☐ Penalty Due ☐ (See penalty and interest instructions.) Enter Total	17.	0	
18. TOTAL INCOME TAX, Interest and Penalty Due (add lines 16 and 17)	18.	0	
19. OVERPAYMENT (line 15 less line 13) 9,026,123 To be applied as follows: (a) Estimated Tax ☐ 9,026,123 (b) License Fee ☐ 0 (c) Refunded ☐ 0			
PART II LICENSE COMPUTATION	20. Total Capital And Paid in Surplus (Multi-State Corporations See Schedule E)	20.	39,181,910
	21. FEE DUE-Line 20 x .001, plus \$15.00 (Fee cannot be less than \$25.00 per taxpayer)	21.	5,910,866
	22. LESS: Applicable Credits Against License Fee (attach SC1120-TC)	22.	0
	23. Balance (line 21 less line 22)	23.	5,910,866
	24. Payments: (a) Paid with Tentative Return 6,507,584 (b) Credit from line 19b ☐		
	25. Total Payments (add line 24 (a) and (b))	25.	6,507,584
	26. Balance of Fee Due (line 23 less line 25)	26.	-596,718
	27. Interest Due ☐ Penalty Due ☐ (See penalty and interest instructions.) Enter Total	27.	0
	28. TOTAL LICENSE FEE, Interest and Penalty Due (add lines 26 and 27)	28.	0
	29. OVERPAYMENT (line 25 less line 23) 596,718 To be applied as follows: (a) Estimated Tax ☐ 596,718 (b) Income Tax ☐ 0 (c) Refunded ☐ 0		
30. GRAND TOTAL: INCOME TAX and LICENSE FEE DUE (add lines 18 and 28)	EFT ☐ 30.	0	

I, the undersigned, a principal officer of the corporation for which this return is made declare that this return, including accompanying Annual Report, statements and schedules, has been examined by me and is to the best of my knowledge and belief, a true and complete return.

Please Sign Here: Man M. Stett Date: 1/13/02 Title: Managing Tax Director

I authorize the Director of the Department of Revenue or delegate to discuss this return, attachments and related tax matters with the preparer. Yes ☐ No ☒ Preparer's Printed Name: _____

Paid Preparer's Use Only: Preparer's signature: _____ Date: _____ Check if self-employed ☐ Preparer's telephone number: _____
 Firm's name (or yours if self-employed) and address: _____ E.I. No.: _____
 NC ZIP Code: _____

STATE OF SOUTH CAROLINA DEPARTMENT OF REVENUE		SC1120-T (Rev. 9/5/01) 3096
TENTATIVE CORPORATION TAX RETURN AND CONDITIONAL EXTENSION		
SC CORPORATE FILE NO.	Return for the Period Ending	Complete all blank areas.
20090024-9	12 31 2001	1. Tentative Tax Based on Net Income <u>11,500,000</u>
56-0205520	Return extended to	2. LESS: Estimated Tax Payments <u>14,000,000</u>
FED EI NO.	09 16 2002	3. Tentative Tax Due <u>0</u>
Signature <u>[Signature]</u> Date <u>3/1/2002</u>		4. Total Capital and Paid in Surplus <u>0</u> x .001 plus \$15.00 but not less than \$25.00 Tentative License Fee <u>6,507,584</u>
DUKE ENERGY CORPORATION Mail Code PB05B 422 S. Church Street Charlotte NC 28201-1244		5. Balance Remitted <u>6,507,584</u>
☒ CHECK IF CONSOLIDATED RETURN. ATTACH A SCHEDULE LISTING EACH MEMBER. Copyright(c) 2001 Deloitte & Touche Tax Technologies LLC		T E N T A T I V E

STATE OF SOUTH CAROLINA DEPARTMENT OF REVENUE		SC1120-T (Rev. 8/5/01) 3096
TENTATIVE CORPORATION TAX RETURN AND CONDITIONAL EXTENSION		
SC CORPORATE FILE NO.	Return for the Period Ending	Complete all blank areas.
		1. Tentative Tax Based on Net Income _____
	Return extended to	2. LESS: Estimated Tax Payments _____
FED EI NO.		3. Tentative Tax Due <u>14-0804</u>
Signature _____ Date _____		4. Total Capital and Paid in Surplus _____ x .001 plus \$15.00 but not less than \$25.00 Tentative License Fee <u>14-0401</u>
		5. Balance Remitted _____
☐ CHECK IF CONSOLIDATED RETURN. ATTACH A SCHEDULE LISTING EACH MEMBER. Copyright(c) 2001 Deloitte & Touche Tax Technologies LLC		T E N T A T I V E

STATE OF SOUTH CAROLINA DEPARTMENT OF REVENUE		SC1120-T (Rev. 9/5/01) 3096
TENTATIVE CORPORATION TAX RETURN AND CONDITIONAL EXTENSION		
SC CORPORATE FILE NO.	Return for the Period Ending	Complete all blank areas.
		1. Tentative Tax Based on Net Income _____
	Return extended to	2. LESS: Estimated Tax Payments _____
FED EI NO.		3. Tentative Tax Due <u>14-0804</u>
Signature _____ Date _____		4. Total Capital and Paid in Surplus _____ x .001 plus \$15.00 but not less than \$25.00 Tentative License Fee <u>14-0401</u>
		5. Balance Remitted _____
☐ CHECK IF CONSOLIDATED RETURN. ATTACH A SCHEDULE LISTING EACH MEMBER. Copyright(c) 2001 Deloitte & Touche Tax Technologies LLC		T E N T A T I V E

AS ORIGINALLY FILED

Duke Energy Corporation
Attachment to SC1120-T
Tenative Corporation Tax Return and Conditional Extension
Tax Year ended December 31, 2001

Listing of Taxpayers included in this extension request:

		<u>Amount</u>
Duke Energy Corporation	56-0205520	6,500,000
CLT Development Corp.	56-1393851	25
DETM Management Inc.	84-1274542	107
Duke Energy Global Markets, Inc.	88-0366429	25
Duke Ventures LLC	31-1743975	25
Duke Engineering & Services, Inc.	56-6027038	5,010
Duke Water Systems, Inc.	56-1976539	25
MP Supply, Inc.	56-0322840	25
Techtrol, Inc.	56-1544719	113
Intera, Inc.	56-1934649	25
Duke Communications Services, Inc.	56-2117886	123
Duke Project Services, Inc.	56-0858436	39
Duke Solutions, Inc.	56-0904643	1,942
Greenville Gas & Electric Light & Power Company	56-0891274	25
Southern Power Company	56-0891283	25
Western Carolina Power Company	56-0891269	25
Wateree Power Company	56-0751405	25
Total License Fee		<u><u>6,507,584</u></u>

AS ORIGINALLY FILED

State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

July 22, 2002

Duke Energy Corporation.
Attn: Christy Moyer
P O Box 1244
Charlotte NC 28201-12441

File #20090024-9

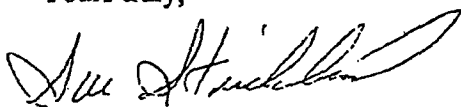
Dear Ms Moyer

This letter is in response to your request for the following.

The payment of \$31,066.86 claimed on form 1099 for Intera Inc. (copy attached) has been applied to the 12/01 declaration account for the parent Duke Energy Corporation.

If you have any questions concerning this matter please feel free to call this office at (803) 898-5705.

Yours truly,



Examiner Strickland
SC Department of Revenue
Corporate Section

AS ORIGINALLY FILED

☒ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. WESTINGHOUSE SAVANNAH RIVER CO. SAVANNAH RIVER SITE 730-4B, 1069 - AIKEN, SC 29808 (803) 952-6234		1 Rents \$	OMB No. 1545-0115 1998 Form 1099-MISC	Miscellaneous Income
PAYER'S Federal identification number 25-1575269		2 Royalties \$	3 Other income \$	
RECIPIENT'S name INTERA TECHNOLOGIES, INC.		4 Federal income tax withheld \$	5 Fishing boat proceeds \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S identification number 74-1887852		6 Medical and health care payments \$	7 Nonemployee compensation \$	
Street address (including apt. no.) 6850 AUSTIN CENTER BLVD, SUITE 300		8 Substantive payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ☐	
City, state, and ZIP code AUSTIN, TX 78731		10 Crop insurance proceeds \$	11 State income tax withheld \$ 0	
Account number (optional)		12 State/Payer's state number SC/25351189-1	13	

Form 1099-MISC

(Keep for your records.)

Department of the Treasury - Internal Revenue Service

☒ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. WESTINGHOUSE SAVANNAH RIVER CO. SAVANNAH RIVER SITE AIKEN, SC 29808 (803) 952-6234		1 Rents \$	OMB No. 1545-0115 1998 Form 1099-MISC	Miscellaneous Income
PAYER'S Federal identification number 25-1575269		2 Royalties \$	3 Other income \$	
RECIPIENT'S name Intera, Inc.		4 Federal income tax withheld \$	5 Fishing boat proceeds \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S identification number 56-1936649		6 Medical and health care payments \$	7 Nonemployee compensation \$	
Street address (including apt. no.) 9111 Research Boulevard		8 Substantive payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ☐	
City, state, and ZIP code Austin, TX 76758		10 Crop insurance proceeds \$	11 State income tax withheld \$ 71.066.86	
Account number (optional)		12 State/Payer's state number SC/25351189-1	13	

Form 1099-MISC

(Keep for your records.)

Department of the Treasury - Internal Revenue Service

AS ORIGINALLY FILED

SC1120

Page 2

SCHEDULE A AND B

ADDITIONS TO FEDERAL NET INCOME

1. Taxes on or Measured By Income	1.	81,398,751
2. Federal Net Operating Loss	2.	0
3.	3.	0
4. INTEREST ON OBLIGATIONS OF OTHER STATES	4.	4,793,542
5. Other Additions (attach schedule) STATEMENT 1	5.	27,044,185
6. Total Additions (add lines 1 through 5)	6.	113,236,478

DEDUCTIONS FROM FEDERAL NET INCOME

7. Interest On Obligations Of The U.S.	7.	7,670
8.	8.	0
9. SC MUNICIPAL INTEREST	9.	75,365
10. Other Deductions (attach schedule) DEPRECIATION ADJ.	10.	1,498,451
11. Total Deductions (add lines 7 through 10)	11.	1,581,486
12. Net Adjustment (line 6 less line 11) Also enter on line 2, Part 1, SC1120	12.	111,654,992

SCHEDULE C

SUMMARY OF CREDITS (FROM SC1120TC)

1. Credit Carryover From Previous Year's SC1120, Schedule C (Tax Credits)	1.	0
2. Enter Total Credits from SC1120-TC, line 21. SC1120-TC must be attached to return.	2.	685,496
3. Total Credits (add lines 1 and 2)	3.	685,496
4. Tax (line 9, Part 1, SC1120)	4.	5,690,440
5. Lesser of line 3 or 4 (enter on line 10, Part 1, SC1120)	5.	685,496
6. Credit Carryover (line 3 less line 5)	6.	0

SCHEDULE D

ANNUAL REPORT TO BE COMPLETED BY ALL CORPORATIONS

- Name DUKE ENERGY CORPORATION
- Date of this report 9/16/2002 Fed. E.I. No. 56-0205520
- Incorporated under the laws of the State of NC on 02/10/1964
- If Foreign Corporation, the date qualified to do business in the State of South Carolina is 02/24/1964
- Location of the Registered Office of the Corporation in the State of South Carolina is
In the City of Greenville Registered Agent at such address is JOHN F. LOMAX
- Was the name of the Corporation changed during the year? No Give old name _____
- Date commenced business in the State of South Carolina was _____
- Location of principal office (street address) 422 S. Church Street Charlotte NC 28202
Nature of principal business in S.C. ELECTRIC UTILITY
- The Corporation's books are in the care of Jeff Boyer
Located at (street address) 422 S. Church Street Charlotte NC 28202
- If filing consolidated, complete and attach Schedule J for each Corporation included in the consolidation.
- If a Professional Corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional services engaged in by the corporation? N/A
- The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES

- The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES

PREFERRED STOCK

- The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	6,453,901,802
Total paid in Capital Surplus (cannot be a negative amount)	\$	3,265,202,780
Total amount of stated Capital (cannot be a negative amount)	\$	9,719,104,582

- The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

AS ORIGINALLY FILED

5433

DES00011721

SC1120

SCHEDULES E, F, G, AND H ARE TO BE COMPLETED BY MULTI-STATE CORPORATIONS**SCHEDULE E COMPUTATION FOR LICENSE FEE-MULTI-STATE CORPORATIONS**

1. Total Capital and Paid-in-Surplus at end of Year	\$	9,719,104,582
2. S.C. PROPORTION: (line 1 X ratio from Schedule H-1, H-2 or H-3, as appropriate) Also enter on line 20, Part II	\$	39,181,910

SCHEDULE F INCOME SUBJECT TO DIRECT ALLOCATION

	Gross Amounts 1	Less: Related Expenses 2	Net Amounts Allocated Direct to SC and Other States 3	Net Amounts Allocated Directly to SC 4	Payrolls to be Excluded from Payroll Factor 5	Property to be Excluded from Property Factor 6
1. Interest not connected with business	0	0	0	0	0	0
2. Dividends received	0	0	502,573	0	0	0
3. Rents	0	0	0	0	0	0
4. Gains/losses on real property	116,257,472	185,594,843	-69,337,371	-17,761,018	0	0
5. Gains/losses on intangible pers. prop.	0	0	0	0	0	0
6. Investment income directly allocated	0	0	0	0	0	0
7. TOTAL INCOME DIRECTLY ALLOCATED			-69,337,371			
8. INCOME DIRECTLY ALLOCATED TO S.C.				-17,761,018		
9. TOTALS TO APPORTIONMENT FACTORS					0	0

SCHEDULE G COMPUTATION OF TAXABLE INCOME FOR CORPORATIONS CLAIMING MULTI-STATE OPERATIONS

1. Total net income as reconciled. Enter amount from line 3, Page 1	0	1. 1,297,982,353
2. Less: Income subject to direct allocation to S.C. and other states from Schedule F, line 7	2.	-68,834,798
3. Total net income subject to apportionment (line 1 less line 2)	3.	1,366,817,151
4. Multiply amount on line 3 by appropriate ratio from Schedule H-1, 2, or 3 and enter result here	4.	131,569,808
5. Add: Income subject to direct allocation to S.C. from Schedule F, line 8	5.	-17,761,018
6. Total S.C. Net Income (sum of lines 4 and 5 above) also enter on line 4, Part 1 of Page 1	6.	113,808,790

SCHEDULE H-1 COMPUTATION OF FOUR FACTOR APPORTIONMENT RATIO

PLEASE SEE ATTACHED STATEMENT FOR APPORTIONMENT DETAIL BY ENTITY.

	1. Property Within South Carolina		2. Total Property Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land	0	0	0	0
2. Buildings	0	0	0	0
3. Machinery and Equipment	0	0	0	0
4. Inventories	0	0	0	0
5. Other Property	0	0	0	0
6. Exclusions	< 0 >	0 >	0 >	0 >
7. TOTAL (add lines 1-5; subtract line 6)	0	0	0	0
8. Avg. of Beginning and Ending Period (add line 7a and b and divide by 2)	0	0	0	0
9. Rental or Lease Value	0	0	0	0
10. TOTAL Property Add lns 8 and 9. (Col. 1 Col. 2 and enter ratio in Col. 3)	0	0	0	0.0000 %
11. GROSS Payroll	0	0	0	0
12. Less: Officers Compensation and Exclusions	< 0 >	0 >	0 >	0
13. TOTAL Payroll (Col. 1 / Col. 2 and enter ratio in Col. 3)	0	0	0	0.0000 %
14. TOTAL Sales (Col. 1 / Col. 2 and enter ratio in Col. 3)	0	0	0	0.0000 %
15. TOTAL Sales (same as line 14)	0	0	0	0.0000 %
16. TOTAL of Ratios (add Column 3-lines 10, 13, 14 and 15)				0.0000 %
17. Arithmetical Average of Ratios				0.0000 %

SCHEDULE H-2 COMPUTATION OF GROSS RECEIPTS RATIO

PLEASE SEE ATTACHED STATEMENT FOR APPORTIONMENT DETAIL

	1. In S.C.	2. Total Everywhere	3. Ratio
1. Total Gross Receipts	0	0	0
2. Less: Exclusion (see instructions)	< 0 >	0 >	0
3. Gross Receipts (for ratio)	0	0	0
4. Ratio of Gross Receipts (line 3, Col. 1 / line 3, Col. 2)			0.0000 %

SCHEDULE H-3 COMPUTATION OF RATIO FOR PUBLIC SERVICE CORPORATIONS

PLEASE SEE ATTACHED STATEMENT FOR APPORTIONMENT DETAIL BY EN

	Amount	Ratio
1. Total Within South Carolina	0	0
2. Total for System	0	0
3. Ratio (South Carolina / Total System)		0.0000 %

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name Duke Energy Corporation S.C.I.D. No. _____
2. Date of this report 9/16/2002 Fed. E.I. No. 56-0205520
3. Address 422 S. CHURCH ST, MAIL CODE PB05B CHARLOTTE NC 28202
4. Incorporated under the laws of the State of NC on 02/10/1964
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 02/24/1964
6. Location of the Registered Office of the Corporation in the State of South Carolina is
In the City of GREENVILLE and Registered Agent at such address is JOHN F. LOMAX
7. Was the name of the Corporation changed during the year? NO Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office 422 S. CHURCH STREET CHARLOTTE NC 28202
Nature of principal business in S.C. ELECTRIC UTILITY
10. The Corporation's books are in the care of JEFF BOYER
Located at 422 S. CHURCH ST CHARLOTTE NC 28202
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
See Attached		

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
See Attached		

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>6,451,314,609</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>50,670,074</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>6,501,984,683</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

AS ORIGINALLY FILED

5435

DES00011723

AFFILIATED CORPORATION NO. 1

NAME	BUSINESS ADDRESS AND OFFICE
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	
36	
37	
38	
39	
40	
41	
42	
43	
44	
45	
46	
47	
48	
49	
50	
51	
52	
53	
54	
55	
56	
57	
58	
59	
60	
61	
62	
63	
64	
65	
66	
67	
68	
69	
70	
71	
72	
73	
74	
75	
76	
77	
78	
79	
80	
81	
82	
83	
84	
85	
86	
87	
88	
89	
90	
91	
92	
93	
94	
95	
96	
97	
98	
99	
100	

See Attached

Henry C. Lomax, Jr.

For additional affiliated corporations duplicate Schedule J as needed.

AS ORIGINALLY FILED

SCHEDULE I **RESERVED**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name DUKE ENGINEERING & SERVICES, INC. S.C.I.D. No. 21155477-1
2. Date of this report _____ Fed. E.I. No. 56-6027038
3. Address 422 S. Church Street PO BOX 1244, PB058 CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 06/13/1934
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 11/16/1988
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name W S LEE ENGINEERING CORPOARTION
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. Professional Services
10. The Corporation's books are in the care of TAX DEPARTMENT
Located at 422 S. CHURCH STREET CHARLOTTE NC 28202-1904
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 1,000 | COMMON STOCK | |
| | PREFERRED STOCK | |

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 100 | COMMON STOCK | |
| | PREFERRED STOCK | |

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME	BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name DUKE WATER SYSTEMS, INC. S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. 56-1976539
3. Address 422 S. CHURCH STREET PO BOX 1244, PB058 CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 05/01/1996
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 06/28/1996
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. Inactive
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
1,000	COMMON STOCK	
	PREFERRED STOCK	
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
10	COMMON STOCK	
	PREFERRED STOCK	
14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount), ...	\$	<u>0</u>
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name M-P SUPPLY, INC. S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. 56-0322840
3. Address P.O. BOX 1244, PB05B CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 06/07/1910
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 02/01/1965
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name MILL-POWER SUPPLY CO.
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. Wholesaler
10. The Corporation's books are in the care of _____
Located at 422 S. CHURCH STREET CHARLOTTE NC 28201-1244
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
<u>10,000</u>	<u>COMMON STOCK</u>	
	<u>PREFERRED STOCK</u>	

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	<u>COMMON STOCK</u>	
	<u>PREFERRED STOCK</u>	

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount), ...	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

AS ORIGINALLY FILED

5439

DES00011727

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name TECHTROL, INC. S.C.I.D. No. 20359945-4
 2. Date of this report _____ Fed. E.I. No. 56-1544719
 3. Address P.O. Box 1244, PB058 CHARLOTTE NC 28201-1244
 4. Incorporated under the laws of the State of NC on 12/17/1986
 5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 10/12/1994
 6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
 In the City of _____ and Registered Agent at such address is _____
 7. Was the name of the Corporation changed during the year? _____ Give old name _____
 8. Date commenced business in the State of South Carolina was _____
 9. Location of principal office _____
 Nature of principal business in S.C. CUSTOM COMPUTER DESIGN
 10. The Corporation's books are in the care of _____
 Located at 422 S. Church Street Charlotte NC 28201-1244
 11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
 12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
 (If additional space is necessary, attach a separate schedule).

NAME	BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name DE&S HOLDINGS, INC. (f/k/a Intera, Inc.) S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. 56-1934649
3. Address PO BOX 1244, PB05B CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 07/24/1995
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name INTERA ACQUISITION CORP.
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. Waste Management/Remediation
10. The Corporation's books are in the care of KIM FAWCETT
Located at 422 S. Church Street CHARLOTTE NC 28202
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
100,000	COMMON STOCK	
	PREFERRED STOCK	

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
1,000	COMMON STOCK	
	PREFERRED STOCK	

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(if additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

AS ORIGINALLY FILED

5441

DES00011729

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name DUKE COMMUNICATION SERVICES, INC. S.C.I.D. No. _____
 2. Date of this report _____ Fed. E.I. No. 56-2117886
 3. Address 422 S. Church Street P.O. Box 1244, P8058 Charlotte NC 28201-1244
 4. Incorporated under the laws of the State of NC on 12/22/1998
 5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 05/25/1999
 6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
 In the City of _____ and Registered Agent at such address is _____
 7. Was the name of the Corporation changed during the year? _____ Give old name _____
 8. Date commenced business in the State of South Carolina was _____
 9. Location of principal office _____
 Nature of principal business in S.C. SERVICES
 10. The Corporation's books are in the care of KIM FAWCETT
 Located at 422 S. CHURCH ST. CHARLOTTE NC 28201-1244
 11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
 12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 100,000 | COMMON STOCK | |
| ZERO | PREFERRED STOCK | |

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
100	COMMON STOCK	
	PREFERRED STOCK	

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	0
Total paid in Capital Surplus (cannot be a negative amount)	\$	0
Total amount of stated Capital (cannot be a negative amount)	\$	0

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
 (If additional space is necessary, attach a separate schedule).

NAME	BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name DUKE PROJECT SERVICES, INC S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. 56-0858436
3. Address PO BOX 1244, P8058 CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 07/01/1966
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name BIGGER & AGNEW, INC., ENGINEERS
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. Professional Services
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

AS ORIGINALLY FILED

5443

DES00011731

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name DUKESOLUTIONS INC. S.C.I.D. No. 20553158-4
2. Date of this report _____ Fed. E.I. No. 56-0904643
3. Address 422 S. Church St. PO Box 1244, PB05B CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 07/18/1968
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 09/19/1997
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name FINCH & MILLER CONSTRUCTION CO.
8. Date commenced business in the State of South Carolina was _____
8. Location of principal office _____
Nature of principal business in S.C. Other/Prof/Science/Tech Services
10. The Corporation's books are in the care of _____
Located at 422 S. Church Street Charlotte NC 28202
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
1,000	COMMON STOCK	
	PREFERRED STOCK	

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
166	COMMON STOCK	
	PREFERRED STOCK	

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount), ...	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE J **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name DETM Management, Inc. S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. 84-1274542
3. Address STATE/LOCAL TAX DEPT. P. O. BOX 1642 HOUSTON TX 77251-1642
4. Incorporated under the laws of the State of CO on 06/21/1994
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. MANAGEMENT
10. The Corporation's books are in the care of _____
Located at DUKE ENERGY CORPORATION 5400 WESTHEIMER COURT HOUSTON TX 77056
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 1000 | COMMON STOCK | |
| | PREFERRED STOCK | |

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 1000 | COMMON STOCK | |
| | PREFERRED STOCK | |

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount), ...	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name WATEREE POWER COMPANY S.C.I.D. No. 20090098-0
2. Date of this report _____ Fed. E.I. No. 56-0751405
3. Address 422 S. CHURCH STREET PO BOX 1244, P805B CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of SC on 02/16/1909
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is 02/16/1909
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. Inactive
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 10 | COMMON STOCK | |
| | PREFERRED STOCK | |

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 10 | COMMON STOCK | |
| | PREFERRED STOCK | |

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount), ...	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME	BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

AS ORIGINALLY FILED

5446

DES00011734

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name GREENVILLE GAS AND ELECTRIC LIGHT AND POWER COMPANY S.C.I.D. No. 21190037-1
2. Date of this report _____ Fed. E.I. No. 56-0891274
3. Address 422 S. CHURCH STREET PO BOX 1244, PB05B CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of SC on 01/28/1961
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. inactive
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| | COMMON STOCK | |
| | PREFERRED STOCK | |

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| | COMMON STOCK | |
| | PREFERRED STOCK | |

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME	BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

AS ORIGINALLY FILED

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name SOUTHERN POWER COMPANY S.C.I.D. No. 20090086-4
2. Date of this report _____ Fed. E.I. No. 56-0891283
3. Address 422 S. CHURCH STREET PO BOX 1244, PB05B CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 12/01/1927
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. inactive
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 10 | COMMON STOCK | |
| | PREFERRED STOCK | |
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| 10 | COMMON STOCK | |
| | PREFERRED STOCK | |
14. The total amount of stated capital per balance sheet is:
- | | | |
|--|----|----------|
| Total paid in Capital Stock (cannot be a negative amount) | \$ | <u>0</u> |
| Total paid in Capital Surplus (cannot be a negative amount) | \$ | <u>0</u> |
| Total amount of stated Capital (cannot be a negative amount) | \$ | <u>0</u> |
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).
- | NAME | BUSINESS ADDRESS AND OFFICE |
|------|-----------------------------|
|------|-----------------------------|

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name WESTERN CAROLINA POWER COMPANY S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. 56-0891269
3. Address 422 S. CHURCH STREET PO BOX 1244, PB05B CHARLOTTE NC 28201-1244
4. Incorporated under the laws of the State of NC on 09/17/1907
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. inactive
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	
13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	
14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>
15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME

BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE I **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name Duke Ventures, LLC S.C.J.D. No. _____
2. Date of this report _____ Fed. E.I. No. 31-1743975
3. Address 400 S Tryon St Suite 1300 PO Box 1003 Charlotte NC 28201-1003
4. Incorporated under the laws of the State of NV on 12/19/2000
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. REAL ESTATE, COMMUNICATIONS
10. The Corporation's books are in the care of _____
Located at 400 S Tryon St Suite 1300 PO Box 1003 Charlotte NC 28201-1003
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| | COMMON STOCK | |
| | PREFERRED STOCK | |

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:
- | NUMBER OF SHARES | CLASS | SERIES |
|------------------|-----------------|--------|
| | COMMON STOCK | |
| | PREFERRED STOCK | |

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME	BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

SCHEDULE J **RESERVED** **0**
SCHEDULE J **CORPORATIONS INCLUDED IN CONSOLIDATED RETURN**
AFFILIATED CORPORATION NO. 1

1. Name Duke Energy Global Markets, Inc. S.C.I.D. No. _____
2. Date of this report _____ Fed. E.I. No. 05-1436028
3. Address _____
4. Incorporated under the laws of the State of _____ on _____
5. If Foreign Corporation, the date qualified to do business in the State of South Carolina is _____
6. Location of the Registered Office of the Corporation in the State of South Carolina is _____
In the City of _____ and Registered Agent at such address is _____
7. Was the name of the Corporation changed during the year? _____ Give old name _____
8. Date commenced business in the State of South Carolina was _____
9. Location of principal office _____
Nature of principal business in S.C. _____
10. The Corporation's books are in the care of _____
Located at _____
11. If a Professional corporation, are all shareholders, one-half of the directors and all officers (other than the secretary and treasurer) qualified to practice the professional service engaged in by the corporation? _____
12. The total number of authorized shares of capital stock, itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	

13. The total number of issued and outstanding shares of capital stock itemized by class and series, if any, within each class is as follows:

NUMBER OF SHARES	CLASS	SERIES
	COMMON STOCK	
	PREFERRED STOCK	

14. The total amount of stated capital per balance sheet is:

Total paid in Capital Stock (cannot be a negative amount)	\$	<u>0</u>
Total paid in Capital Surplus (cannot be a negative amount)	\$	<u>0</u>
Total amount of stated Capital (cannot be a negative amount)	\$	<u>0</u>

15. The names and business addresses of the directors (or individuals functioning as directors) and principal officers in the Corporation are:
(If additional space is necessary, attach a separate schedule).

NAME	BUSINESS ADDRESS AND OFFICE

See Attached

For additional affiliated corporations duplicate Schedule J as needed.

DTTT

SC1120DUKE ENERGY CORPORATION

56-0205520 Page 5

SCHEDULE K COMPUTATION OF LICENSE FEE FOR UTILITIES

1. Fair market value of Property Owned and Used in the Conduct of Business in South Carolina as determined by South Carolina Department of Revenue for Property Tax Purposes		2,571,428,571
2. Fee Due: Line 1X.001		2,571,429
	Total System (A)	Intrastate South Carolina (B)
3. Operating Revenues, (Itemize):		
Electric Revenues	\$ 4,291,841,853	\$ 1,099,975,007
	0	0
	0	0
4. Total Operating Revenues	\$ 4,291,841,853	\$ 1,099,975,007
5. Other Receipts, (Itemize):		
	0	0
	0	0
	0	0
	0	0
6. Total Other Receipts	\$ 0	\$ 0
7. Total Gross Receipts (Add Lines 4 and 6)		1,099,975,007
8. Fee Due (Line 7, Column B x .003) See Attached Schedule		\$ 3,299,925
9. Total License Fee Due (Add Lines 2 and 8)(Enter here and also on Line 16, Part II, Page 1)		\$ 5,871,354

Excerpts from 2001 Code of Laws as Amended

Code Section 12-20-100 as amended for taxable years beginning after 1995.

(A) In the place of the license fee imposed by Section 12-20-50, every express company, street railway company, navigation company, waterworks company, power company, electric cooperative, light company, gas company, telegraph company, and telephone company shall file an annual report with the department and pay a license fee as follows:

- (1) one dollar for each thousand dollars, or fraction of a thousand dollars, of fair market value of property owned and used within this state in the conduct of business as determined by the department for property tax purposes for the preceding taxable year; and
- (2) three dollars for each thousand dollars, or fraction of a thousand dollars, of gross receipts derived from services rendered from regulated business within this state during the preceding taxable year, except that with regard to electric cooperatives, only distribution electric cooperatives are subject to the gross receipts portion of the license fee under this subitem.

(B) The minimum license fee under this section is \$25.

NEW INFORMATION

- South Carolina has updated income tax laws to conform with the Internal Revenue Code of 1986, as amended through December 31, 2000, including the effective dates.
- Due to large number of credits, the Department has created a new tax credit form SC1120-TC. All available credits are listed on this form. This is to be used in addition to the separate tax credit forms for corporate filers. This new form will serve as a record both for you and the Department to account for credits available, earned, used, and carried forward.

INSTRUCTIONS

Line 17 Instructions - If the company paid cash to provide infrastructure for an eligible project, enter the amount on line 17. Attach a schedule to the return setting forth the name of the person completing the project, a description of the project, under what section or sections of the statute the project qualifies, the amounts in cash that were paid for infrastructure and to whom and when paid, a description of the infrastructure, and the date the infrastructure was completed or is expected to be completed. If the infrastructure has not been completed as of the date the return is filed, the tax payer must include a waiver of the statute of limitations. The maximum credit for a single tax year may not exceed \$300,000. If the credit exceeds tax liability, the excess may be carried forward and deducted in the succeeding tax year. For more information see SC Revenue Ruling #96-11.

Refer to SC1120 Instructions if Public Utilities 'C' Corporation.

Refer to SC1120S Instructions if Public Utilities 'S' Corporation.

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

2001

UNDERPAYMENT OF ESTIMATED TAX
BY CORPORATIONS

▶ Attach to your tax return.

SC2220

(Rev. 1/29/02)
3099

Name

Employer identification number

DUKE ENERGY CORPORATION

56-0205520

Part I

Reasons for Filing - Check the boxes below that apply to the corporation. If any box is checked, the corporation must file SC2220 with the corporation's tax return, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty. See instructions.

- 1 ☐ The corporation is using the annualized income installment method.
2 ☐ The corporation is using the adjusted seasonal installment method.
3 ☒ The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

See instructions related to the September 11, 2001 terrorist attacks.

Part II

Figuring Your Underpayment

1	Total tax (line 11, SC1120; or comparable line for other income tax returns)				
	If the result is less than \$100, do not complete the rest of this form. You do not owe the penalty.				5,004,944
2a	Enter the tax shown on your 2000 return (Caution: See instructions before completing this line)		9,755,361		
2b	Enter the lesser of line 1 or line 2a. If the corporation is required to skip line 2a, enter the amount from line 1 on line 2b		5,004,944		
3	Installment due dates. Enter in columns (a) through (d) the installment due date (the 15th day of the 3rd, 6th, 9th, and 12th months of your tax year) Exception: Enter September 24, 2001, instead of September 15, 2001.	(a)	(b)	(c)	(d)
		03/15/01	06/15/01	9/24/01	12/17/01
4	Enter 25% of line 2b in columns (a) through (d) (see instructions for annualized income installment method or adjusted seasonal installment method) Complete lines 5 through 12 for one column before completing next column. (See instructions for amounts to be entered by a "large corporation".)	2,338,765	2,338,765	-355,447	9,485,279
5	Estimated Tax paid or credited for each period. (For column (a) only, enter the amount from line 5 on line 9.)	5,000,000	0	2,500,000	6,500,000
6	Enter amount, if any, from line 12 of previous column		2,661,235	322,470	3,177,917
7	Add lines 5 and 6		2,661,235	2,822,470	9,677,917
8	Add amounts on lines 10 and 11 of the previous column and enter the result		0	0	0
9	Subtract line 8 from line 7. If zero or less, enter zero. (For column (a) only, enter the amount from line 5.)	5,000,000	2,661,235	2,822,470	9,677,917
10	If the amount on line 9 is zero, subtract line 7 from line 8 and enter the result. Otherwise, enter zero		0	0	
11	Underpayment. If line 9 is less than or equal to line 4, subtract line 8 from line 4 and enter the result. Then go to line 6 of the next column. Otherwise, go to line 12	0	0	0	0
12	Overpayment. If line 4 is less than line 9, subtract line 4 from line 9 and enter the result. Then go to line 6 of the next column.	2,661,235	322,470	3,177,917	192,638
Go to Part III on the back to figure the penalty.					

Part III Figuring the Penalty

	(a)	(b)	(c)	(d)
13 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (Form 990-T filers: Use 5th month instead of 3rd month.)	13 03/15/01	06/15/01	09/24/01	12/17/01
14 Number of days from due date of installment on line 3 to the date shown on line 13	14			
15 Number of days on line 14 after 3/15/01 and before 4/1/01	15			
16 Underpayment on line 11 x $\frac{\text{Number of days on line 15}}{365} \times 9\%$	16 \$	\$	\$	\$
17 Number of days on line 14 after 3/31/01 and before 7/1/01	17			
18 Underpayment on line 11 x $\frac{\text{Number of days on line 17}}{365} \times 8\%$	18 \$	\$	\$	\$
19 Number of days on line 14 after 6/30/01 and before 1/1/02	19			
20 Underpayment on line 11 x $\frac{\text{Number of days on line 19}}{365} \times 7\%$	20 \$	\$	\$	\$
21 Number of days on line 14 after 12/31/01 and before 4/1/02	21			
22 Underpayment on line 11 x $\frac{\text{Number of days on line 21}}{365} \times 6\%$	22 \$	\$	\$	\$
23 Number of days on line 14 after 3/31/02 and before 7/1/02	23			
24 Underpayment on line 11 x $\frac{\text{Number of days on line 23}}{365} \times \text{\%}$	24 \$	\$	\$	\$
25 Number of days on line 14 after 6/30/02 and before 10/1/02	25			
26 Underpayment on line 11 x $\frac{\text{Number of days on line 25}}{365} \times \text{\%}$	26 \$	\$	\$	\$
27 Number of days on line 14 after 9/30/02 and before 1/1/03	27			
28 Underpayment on line 11 x $\frac{\text{Number of days on line 27}}{365} \times \text{\%}$	28 \$	\$	\$	\$
29 Number of days on line 14 after 12/31/02 and before 2/16/03	29			
30 Underpayment on line 11 x $\frac{\text{Number of days on line 29}}{365} \times \text{\%}$	30 \$	\$	\$	\$
31 Add lines 16, 18, 20, 22, 24, 26, 28 and 30	31 \$	\$	\$	\$
32 Penalty. Add columns (a) through (d), of line 31. Enter the total here and on SC1120, line 17; or the comparable line for other income tax returns	32 \$			

* For underpayments paid after March 31, 2002: For lines 24, 26, 28, and 30 use the penalty interest rate for each calendar quarter that the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS's web site at www.irs.gov. You can also call 1-800-829-1040 to get interest rate information.

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
CORPORATE TAX CREDITS

SC 1120-TC
(Rev. 8/8/01)
3370

NAME OF CORPORATION DUKE ENERGY CORPORATION	FED EI NUMBER 56-0205520	SC FILE NUMBER 20090024-9

These credits are computed on separate forms. Be sure to attach the appropriate form(s) to this schedule for this credit you are claiming.

	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
Corporate Income Tax					
1. Drip/Trickle Irrigation Systems Credit (TC-1)	0	0	0	0	0
2. Minority Business Credit (TC-2)	0	0	0	0	0
3. Water Resources Credit (TC-3)	0	0	0	0	0
4. New Jobs Credit (TC-4)	0	0	0	0	0
5. Scenic River Tax Credit (TC-5)	0	0	0	0	0
6. Infrastructure Credit (TC-6)	0	300,000	300,000	0	0
7. Palmetto Seed Capital Credit (TC-7)	0	0	0	0	0
8. Corporate Headquarters Credit (TC-8)	0	0	0	0	0
9. Credit for Child Care Program (TC-9)	0	0	0	0	0
10. Base Closure/Federal Facility Employment Reduction Hiring Credit (TC-10)	0	0	0	0	0
11. Economic Impact Zone Property Investment Credit (TC-11)	0	385,496	385,496	0	0
12. Credit for Employers Hiring Recipients of Family Independence Payments (TC-12)	0	0	0	0	0
13. Additional Credit for Employers Hiring Recipients of Family Independence Payments (TC-12A)	0	0	0	0	0
14. Motion Picture Credits (TC-13)	0	0	0	0	0
15. Community Development Tax Credit (TC-14)	0	0	0	0	0
16. Corporate Tax Moratorium per Section 12-10-35 (TC-15)	0	0	0	0	0
17. Corporate Tax Moratorium per Section 12-6-3365 (TC-16)	0	0	0	0	0
18. Recycling Property Tax Credit per SC Code Section 12-6-3450 (TC-17)	0	0	0	0	0
19. Research and Development Credit (TC-18)	0	0	0	0	0
20. Credit for Qualified Conservation Contribution of Real Property After May 31, 2001 (TC-19)	0	0	0	0	0
21. Total Corporate Income Credits. *	0	685,496	685,496	0	0
Corporate License Fee					
22. Infrastructure Credit (TC-6)	0	0	0	0	0
23. Corporate Headquarters Credit (TC-8)	0	0	0	0	0
24. Recycling Property Tax Credit per SC Code Section 12-6-3460 (TC-17)	0	0	0	0	0
25. Research and Development Credit (TC-18)	0	0	0	0	0
26. Total Corporate License Fee Credits. **	0	0	0	0	0

Copyright(c) 2001-2002 Deloitte & Touche Tax Technologies LLC

SC1120TC

AS ORIGINALLY FILED

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**ECONOMIC IMPACT ZONE PROPERTY
INVESTMENT CREDIT**

SC SCH. TC-11

(Rev. 9/11/00)
3348

20 01

Attach to Forms SC1040, SC1041, SC1120, SC1120S or SC1120U.

Name as Shown on Tax Return DUKE ENERGY CORPORATION	EIZ County SEE ATTACHED	Social Security or Employer ID Number 56-0205520

This schedule must be completed and filed with the income tax return in order to claim an investment tax credit for the cost basis of economic impact zone property. The definitions on the reverse side should be carefully read before completing this schedule, as there are certain requirements that must be met before qualifying for this tax credit.

Purpose: Use this form to claim the income tax investment credit for qualifying Economic Impact Zone Property for investments made after June 30, 1998.

Enter Economic Impact Zone Property on the schedule below. (Qualifying property is used as an integral part of manufacturing or production or used as an integral part of extracting or furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in the economic impact zone. A credit cannot be taken on property transferred from somewhere else (either in-state or out-of-state) unless the original use of such property commences with the taxpayer inside the economic impact zone. Recapture of the credit will be required if the taxpayer disposes of or removes the property from the economic impact zone before the useful life (per section 168(e) of the Internal Revenue Code) of the property.)

	(1) Basis	(2) Credit Percentage	(3) Credit Amount (column 1 × column 2)
1. Three-year Property	_____	1%	1. _____
2. Five-year Property	_____	2%	2. _____
3. Seven-year Property	_____	3%	3. _____
4. Ten-year Property	_____	4%	4. _____
5. Fifteen-year Property or greater	7,709,928	5%	5. 385,496
6. Total of lines 1 through 5			6. 385,496
7. Maximum Credit (Form SC1120U filers)			7. \$5,000,000
8. Carryover of unused credits from 1997 and later			8. _____
9. Credit - Total of lines 6 and 8			9. 385,496

Caution: SC1120U filers add the lesser of lines 6 or 7 to line 8

GENERAL INSTRUCTIONS

- (1) Effective for qualifying investments made after June 30, 1998, the amount of the credit is equal to the aggregate of:
Three-year Property - one percent of total aggregate bases for all three-year property that qualifies;
Five-year Property - two percent of total aggregate bases for all five-year property that qualifies;
Seven-year Property - three percent of total aggregate bases for all seven-year property that qualifies;
Ten-year Property - four percent of total aggregate bases for all ten-year property that qualifies;
Fifteen-year Property or greater - five percent of total aggregate bases for all fifteen-year or greater property that qualifies.

Note: See Definitions on reverse.

- (2) Also effective for qualifying investments made after June 30, 1998, the basis of the qualifying property must be reduced by the amount of the credit claimed with respect to the property. The corresponding decrease in the depreciation deduction will result in an addition to federal taxable income for South Carolina income tax purposes.

- (3) Effective for qualifying investments made after June 30, 1998, the amount of the credit is limited to no more than five million dollars for any entity subject to the license tax provided in Section 12-20-100 (Form SC1120U filers). Note: the credit offsets income tax, not license tax.

STF SC-2895F.1

AS ORIGINALLY FILED

DUKE ENERGY CORPORATION
FEIN: 56-0205520
Attachment to Form SC SCH. TC-11

Duke Energy Corporation has qualified economic impact property in the following counties:

Aiken
Greenwood
Lexington
McCormick
Newberry
Richland
Saluda

AS ORIGINALLY FILED

09/13/2002 - 11:53:06 AM

SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 1 of Set 1

DUKE ENERGY	CLT DEVELOP	DUKE E&S	DUKE WATER
56-0203520	56-1193851	56-6027038	56-1976339

STATEMENT 1 - FORM SC1120, PG 2, SCH A & B, LN 5
OTHER ADDITIONS

2002 JCWA ACT DEPRECIATION ADJUSTMENT
OTHER ADDITIONS
OTHER ADDITION TO FEDERAL TAX INC #3

TOTAL OTHER ADDITIONS

21,270,833	21,270,833	0	0	0
2,773,352	2,773,352	0	0	0
<u>24,044,185</u>	<u>24,044,185</u>	<u>0</u>	<u>0</u>	<u>0</u>

AS ORIGINALLY FILED

5458

DES00011746

09/13/2002 - 11:53:06 AM

SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 1 of Set 2

H-P SUPPLY	TECHTROL	INTERA	DCONSRVINC	DUKE PROJ SERV
16-03722810	16-1211712	16-1231612	16-2117886	16-0828136

STATEMENT 1 - FORM SC1120, PG 2, SCH A & B, LN 5
OTHER ADDITIONS

2002 JCMA ACT DEPRECIATION ADJUSTMENT

0	0	0	0	0

OTHER ADDITIONS

OTHER ADDITION TO FEDERAL TAX INC 03

0	0	0	0	0

TOTAL OTHER ADDITIONS

0	0	0	0	0

AS ORIGINALLY FILED

5459

DES00011747

03/13/2002 - 11:53:06 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 1 of Set 3

SC CONS W/DUKE POWER
Year: 2001

DUKESOLUTIONS	DETHI HST, INC	WATEREE POWER	GREENVILLE	SOUTHERN POWER
56-0901613	11-1271312	36-0751105	56-0831276	56-0891283

STATEMENT 1 - FORM SC1120, PG 2, SCH A & B, LN 5
OTHER ADDITIONS

2002 JCWA ACT DEPRECIATION ADJUSTMENT
OTHER ADDITIONS
OTHER ADDITION TO FEDERAL TAX INC #3
TOTAL OTHER ADDITIONS

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

AS ORIGINALLY FILED

5460

DES00011748

09/13/2002 - 11:53:06 AM
SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 2 of Set 4

WEST CAR POWER	VENTURES LLC	GLOBAL MARKETS
<u>36-0891269</u>	<u>31-1743975</u>	<u>88-0366179</u>

STATEMENT 1 - FORM SC1120, PG 2, SCH A & B, LN 5
OTHER ADDITIONS

2002 JCWA ACT DEPRECIATION ADJUSTMENT
OTHER ADDITIONS
OTHER ADDITION TO FEDERAL TAX INC #3
TOTAL OTHER ADDITIONS

0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>

AS ORIGINALLY FILED

5461

DES00011749

09/13/2002 - 11:53:06 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 2 of Set 1

SC CONS W/DUKE POWER
Year: 2001

	DUKE ENERGY 56-0205529	CLT DEVELOP 56-1332851	DUKE E&S 56-6027038	DUKE WATER 56-1876539	
***** *SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120* *****					
TOTAL GROSS RECEIPTS	20419691137	12345813756	10,967,220	413,129,182	0
TOTAL COST OF DEPRECIABLE PERSONAL PROP IN SC	5,812,122,298	5,845,459,096	0	234,111	0
PART I - COMPUTATION OF INCOME TAX LIABILITY					
1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	1,186,327,361	580,603,976	10,298,147	18,471,314	0
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	111,654,992	65,497,925	0	1,726,555	0
3. TOTAL NET INCOME AS RECOM (LN 1 PLUS OR MINUS 2)	1,297,982,353	646,107,901	10,298,147	20,197,869	0
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH G	113,808,790	125,970,412	0	1,477,577	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	113,808,790	125,970,412	0	1,477,577	0
7. TAX: (5.01)	5,690,440				
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.	0				
9. BALANCE (LN 7 - 8)	5,690,440				
10. CREDIT CARRYOVER (LINE 6 OF SCHEDULE C)	0				
NONREFUNDABLE CREDITS (LINE 5 OF SCH C)	685,496				
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)	5,004,944				
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL	0				
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)	5,004,944				
14. PAYMENTS: (A) TAX WITHHELD (4-2); (B) PAID BY DECLARATION (C) PAID WITH TENTATIVE RETURN (D) CREDIT FROM LINE 29B	0 14,031,867 0 0	0 11,000,000 0 0	0 0 0 0	0 0 0 0	0 0 0 0
15. TOTAL PAYMENTS (LN 14A THRU 14D)	14,031,867				
16. BALANCE OF TAX AND/OR INT. DUE (LN 12 - 15)	(9,026,123)				
17. TOTAL INTEREST AND PENALTY DUE	0				
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16+17)	0				
19. OVERPAYMENT (LN 15 - 23) TO APPLY AS FOLLOWS: * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS	9,026,123 9,026,123				
(A) ESTIMATED TAX	9,026,123				
(B) LICENSE FEE	0				
(C) REFUNDED	0				
PART II COMPUTATION OF LICENSE FEE					
20. TOTAL CAPITAL AND PAID IN SURPLUS	39,181,910	0	0	7,750,720	0
21. FEE DUE - LINE 20 X \$.001 + \$.15.00 (325 MIN)	5,910,866	5,871,354	25	7,766	25
22. LESS: APPLICABLE CA AGAINST LICENSE FEE	0	0	0	0	0
23. BALANCE (LN 21 - 22)	5,910,866				
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN (B) CREDIT FROM LINE 19(B)	6,507,584 0	6,507,584 0	0 0	0 0	0 0
25. TOTAL PAYMENTS (LN 24A + 24B)	6,507,584				
26. BALANCE OF FEE DUE (LN 23 - 25)	(596,718)				
27. (A) INTEREST DUE (B) PENALTY DUE TOTAL INTEREST AND PENALTY	0 0 0				
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)	0				
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS: (A) ESTIMATED TAX (B) INCOME TAX (C) REFUNDED	596,718 596,718 0 0				

AS ORIGINALLY FILED

5462

DES00011750

09/13/2002 - 11:53:06 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 2 of Set 2

SC CONS W/DUKE POWER
Year: 2001

M-P SUPPLY	TECHTROL	INTERA	DCOMSAVINC	DUKE PROJ SERV
56-0172810	56-1511719	56-1931619	56-2117886	56-0859176

SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

TOTAL GROSS RECEIPTS	315,757	1,830,785	0	4,458,645	96,357,292
TOTAL COST OF DEPRECIABLE PERSONAL PROP IN SC	0	0	0	0	0
PART 1 - COMPUTATION OF INCOME TAX LIABILITY					
1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	299,969	(996,929)	8	(1,633,094)	88,528,239
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	15,788	7,309	8	(109,156)	4,656,385
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	315,757	(989,620)	0	(1,742,250)	93,184,624
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH G	0	(254,420)	0	(130,261)	1,192,670
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	0	(254,420)	0	(130,261)	1,192,670
7. TAX: (5.01)					
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.					
9. BALANCE (LN 7 - 8)					
10. CREDIT CARRYOVER (LINE 6 OF SCHEDULE C)					
NONREFUNDABLE CREDITS (LINE 5 OF SCH C)					
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)					
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL					
13. TOTAL TAX AND/OR INTEREST (LN 11 - 12)					
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	31,067	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)					
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)					
17. TOTAL INTEREST AND PENALTY DUE					
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16+17)					
19. OVERPAYMENT (LN 15 - 18) TO APPLY AS FOLLOWS: * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS (A) ESTIMATED TAX (B) LICENSE FEE (C) REFUNDED					
PART 2: COMPUTATION OF LICENSE FEE					
20. TOTAL CAPITAL AND PAID IN SURPLUS	0	446,729	0	109,629	137,261
21. FEE DUE - LINE 20 X 3.00% = \$13.00 (\$25 MIN)	25	462	25	125	152
22. LESS: APPLICABLE CR AGAINST LICENSE FEE	0	0	0	0	0
23. BALANCE (LN 21 - 22)					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A - 24B)					
26. BALANCE OF FEE DUE (LN 23 - 25)					
27. (A) INTEREST DUE (B) PENALTY DUE TOTAL INTEREST AND PENALTY					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 - 27)					
29. OVERPAYMENT (LN 25 - 28) APPLIED AS FOLLOWS: (A) ESTIMATED TAX (B) INCOME TAX (C) REFUNDED					

AS ORIGINALLY FILED

5463

DES00011751

09/13/2002 - 11:53:06 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 2 of Set 3

SC CONS W/DUKE POWER
Year: 2001

	DUKESOLUTIONS 16-0301613	DETHI MGT, INC 84-1274582	WATEREE POWER 56-0731183	GREENVILLE 56-0871274	SOUTHERN POWER 56-0871283
***** *SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120* *****					
TOTAL GROSS RECEIPTS	61,613,485	235,691,570	0	0	0
TOTAL COST OF DEPRECIABLE PERSONAL PROP IN SC	0	169,990	0	0	0
PART I - COMPUTATION OF INCOME TAX LIABILITY					
1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	(19,235,086)	178,345,763	0	0	0
2. NET ADJUSTMENTS (FROM LINE 12, SCH A & B)	(20,448)	1,931,209	0	0	0
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	(19,255,534)	180,276,972	0	0	0
4. IF MULTI-STATE CORP. ENTER AMT FROM LN 6 SCH G	(1,939,514)	320,352	0	0	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	(1,939,514)	320,352	0	0	0
7. TAX: (5.08)					
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.					
9. BALANCE (LN 7 - 8)					
10. CREDIT CARRYOVER (LINE 6 OF SCHEDULE C)					
NONREFUNDABLE CREDITS (LINE 5 OF SCH C)					
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)					
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL					
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)					
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0	0	0
(B) PAID BY DECLARATION	0	0	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)					
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)					
17. TOTAL (INTEREST AND PENALTY DUE					
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16+17)					
19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS:					
* OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS					
(A) ESTIMATED TAX					
(B) LICENSE FEE					
(C) REFUNDED					
PART II COMPUTATION OF LICENSE FEE					
20. TOTAL CAPITAL AND PAID IN SURPLUS	11,461,735	30,498	0	0	0
21. FEE DUE - LINE 20 X 5.001 = \$15.00 (\$25 MIN)	11,477	15	25	25	25
22. LESS: APPLICABLE CR AGAINST LICENSE FEE	0	0	0	0	0
23. BALANCE (LN 21 - 22)					
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN	0	0	0	0	0
(B) CREDIT FROM LINE 19(B)	0	0	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)					
26. BALANCE OF FEE DUE (LN 23 - 25)					
27. (A) INTEREST DUE					
(B) PENALTY DUE					
TOTAL INTEREST AND PENALTY					
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)					
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS:					
(A) ESTIMATED TAX					
(B) INCOME TAX					
(C) REFUNDED					

AS ORIGINALLY FILED

5464

DES00011752

09/13/2002 - 11:53:06 AM
SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 2 of Set 4

WEST CAR POWER	VENTURES LLC	GLOBAL MARKETS
56-0891269	31-1713975	88-0166121

SOUTH CAROLINA CORP. TAX RETURN - FORM SC1120

TOTAL GROSS RECEIPTS	0	171,321,196	7,181,832,556
TOTAL COST OF DEPRECIABLE PERSONAL PROP IN SC	0	16,259,101	0
PART I - COMPUTATION OF INCOME TAX LIABILITY			
1. FEDERAL TAXABLE INCOME PER FED FORM 1120 LN 30	0	8,589,394	323,019,648
2. NET ADJUSTMENTS (FROM LINE 32, SCH A & B)	0	152,011	37,497,414
3. TOTAL NET INCOME AS RECON (LN1 PLUS OR MINUS 2)	0	9,011,395	360,517,062
4. IF MULTI-STATE CORP, ENTER AMT FROM LN 6 SCH G	0	(12,828,018)	0
5. LESS: S.C. NET OPERATING LOSS CARRYOVER	0	0	0
6. S.C. NET INCOME SUBJECT TO TAX (LN 4 - 5)	0	(12,828,018)	0
7. TAX: (5.0%)			
8. LESS TAX DEFER. ON INC FROM FOREIGN TRADE REC.			
9. BALANCE (LN 7 - 8)			
10. CREDIT CARRYOVER (LINE 6 OF SCHEDULE C)			
NONREFUNDABLE CREDITS (LINE 5 OF SCH C)			
11. BALANCE OF TAX (LN 9 - 10, NOT LESS THAN 0)			
12. INTEREST ON DISC-DEFERRED TAX LIAB, OR INTEREST ON FOREIGN TRADE DEFERRED TAX LIAB. TOTAL			
13. TOTAL TAX AND/OR INTEREST (LN 11 + 12)			
14. PAYMENTS: (A) TAX WITHHELD (W-2)	0	0	0
(B) PAID BY DECLARATION	0	0	0
(C) PAID WITH TENTATIVE RETURN	0	0	0
(D) CREDIT FROM LINE 29B	0	0	0
15. TOTAL PAYMENTS (LN 14A THRU 14D)			
16. BALANCE OF TAX AND/OR INT. DUE (LN 13 - 15)			
17. TOTAL INTEREST AND PENALTY DUE			
18. TOTAL INCOME TAX, INTEREST & PENALTY (LN 16+17)			
19. OVERPAYMENT (LN 15 - 13) TO APPLY AS FOLLOWS: * OVERPAYMENT LESS APPLIED LIC. FEE & DONATIONS (A) ESTIMATED TAX (B) LICENSE FEE (C) REFUNDED			
PART II COMPUTATION OF LICENSE FEE			
20. TOTAL CAPITAL AND PAID IN SURPLUS	0	19,245,338	0
21. FEE DUE - LINE 20 X 5.001 + \$15.08 (\$25 MIN)	25	19,260	25
22. LESS: APPLICABLE CR AGAINST LICENSE FEE	0	0	0
23. BALANCE (LN 21 - 22)			
24. PAYMENTS: (A) PAID WITH TENTATIVE RETURN (B) CREDIT FROM LINE 19(B)	0	0	0
25. TOTAL PAYMENTS (LN 24A + 24B)	0	0	0
26. BALANCE OF FEE DUE (LN 23 - 25)			
27. (A) INTEREST DUE (B) PENALTY DUE TOTAL INTEREST AND PENALTY			
28. TOTAL LICENSE FEE, INT. & PENALTY (LN 26 + 27)			
29. OVERPAYMENT (LN 25 - 23) APPLIED AS FOLLOWS: (A) ESTIMATED TAX (B) INCOME TAX (C) REFUNDED			

AS ORIGINALLY FILED

5465

DES00011753

09/13/2002 - 11:53:06 AM

SC COMS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 3 of Set 1

30. GRAND TOTAL: INC TAX & LICENSE FEE DUE

DUKE ENERGY	CLT DEVELOP	DUKE GAS	DUKE WATER
56-0205520	56-1393851	56-6027010	56-1926519
0			

AS ORIGINALLY FILED

5466

DES00011754

09/13/2002 - 11:53:06 AM

SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 3 of Set 2

M-P SUPPLY	TECHTROL	INTERA	DCONSAVINC	DUKE PROJ SERV
16-0322810	16-1514719	16-1838619	16-2117896	16-0858116

30. GRAND TOTAL: INC TAX & LICENSE FEE DUE

AS ORIGINALLY FILED

5467

DES00011755

09/13/2002 - 11:53:06 AM

SC DOWS W/DUKE POWER
Year: 2001

1001 CONSOL. SO. CAROLINA FORM 1120

Page 3 of Set 3

DUKESOLUTIONS	DETHI MGT. INC	WATEREE POWER	GREENVILLE	SOUTHEARN POWER
<u>56-0904613</u>	<u>81-1274212</u>	<u>56-0731405</u>	<u>56-0831271</u>	<u>56-0831283</u>

30. GRAND TOTAL: INC TAX & LICENSE FEE DUE

AS ORIGINALLY FILED

5468

DES00011756

09/13/2002 - 11:53:06 AM
SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 3 of Set 4

WEST CAR POWER	VENTURES LLC	GLOBAL MARKETS
<u>56-0821262</u>	<u>31-1743975</u>	<u>88-0366129</u>

30. GRAND TOTAL: INC TAX & LICENSE FEE DUE

AS ORIGINALLY FILED

5469

DES00011757

09/13/2002 - 11:53:07 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 4 of Set 1

SC CONS W/DUKE POWER
Year: 2001

	DUKE ENERGY 56-0205529	CLT DEVELOP 56-1393851	DUKE E&S 56-6027038	DUKE WATER 56-1976539
***** *SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME* *****				
1. TAXES ON OR MEASURED BY INCOME	81,398,751	35,241,684	0	1,726,555
2. FEDERAL NET OPERATING LOSS	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0
4. OTHER ADDITION #2	4,793,542	4,793,542	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	27,044,185	27,044,185	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	113,236,478	67,079,411	0	1,726,555
7. INTEREST ON U.S. OBLIGATIONS	7,670	7,670	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	75,365	75,365	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	1,498,451	1,498,451	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	1,501,406	1,501,406	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART 1 LN 2)	111,651,992	65,497,925	0	1,726,555

***** *SCHEDULE C - SUMMARY OF CREDITS (FROM SC1120TC)* *****				
1. CREDIT CARRYOVER FROM PREVIOUS YEAR'S SCH C	0			
2. ENTER TOTAL CREDITS FROM SC1120-TC, LINE 21	685,896			
3. TOTAL CREDITS (ADD LINES 1 & 2)	685,896	685,896	0	0
4. TAX (LN 9, PART 1, SC1120)	5,690,449			
5. LESSER OF LN 3 OR 4 (TO LN 10 PART 1 CORP RET)	685,896	0	0	0
6. CREDIT CARRYOVER (LN 3 LESS LN 5)	0	0	0	0

AS ORIGINALLY FILED

5470

DES00011758

09/13/2002 - 11:53:07 AM

2001 CONSOL. SD. CAROLINA FORM 1120

Page 4 of Set 2

SC CONS W/DUKE POWER
Year: 2001

M-P SUPPLY	TECHTROL	INTERA	DCOMARVINC	DUKE PROJ STAY
56-0122910	56-1544719	56-1931649	56-2117886	56-0858136

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	15,788	7,309	0	(109,156)	4,656,385
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	15,788	7,309	0	(109,156)	4,656,385
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	15,788	7,309	0	(109,156)	4,656,385

SCHEDULE C - SUMMARY OF CREDITS (FROM SC1120TC)

1. CREDIT CARRYOVER FROM PREVIOUS YEAR'S SCH C
2. ENTER TOTAL CREDITS FROM SC1120-TC, LINE 21

3. TOTAL CREDITS (ADD LINES 1 & 2)	0	0	0	0	0
4. TAX (LN 9, PART 1, SC1120)	0	0	0	0	0
5. LESSER OF LN 3 OR 4 (TO LN 10 PART I CORP NET)	0	0	0	0	0
6. CREDIT CARRYOVER (LN 3 LESS LN 5)	0	0	0	0	0

AS ORIGINALLY FILED

5471

DES00011759

09/13/2002 - 11:53:07 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 1 of Set 1

SC CONS W/DUKE POWER
Year: 2001

DUKESOLUTIONS	DETHI MGT, INC	WATEREE POWER	GREENVILLE	SOUTHERN POWER
26-0901613	21-1274312	26-0751105	26-0891274	26-0891283

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	(20,448)	1,931,209	0	0	0
2. FEDERAL NET OPERATING LOSS	0	0	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0	0	0
4. OTHER ADDITION #2	0	0	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	(20,448)	1,931,209	0	0	0
7. INTEREST ON U.S. OBLIGATIONS	0	0	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	(20,448)	1,931,209	0	0	0

* SCHEDULE C - SUMMARY OF CREDITS (FROM SC1120TC) *

1. CREDIT CARRYOVER FROM PREVIOUS YEAR'S SCH C	0	0	0	0	0
2. ENTER TOTAL CREDITS FROM SC1120-TC, LINE 21	0	0	0	0	0
3. TOTAL CREDITS (ADD LINES 1 & 2)	0	0	0	0	0
4. TAX (LN 9, PART 1, SC1120)	0	0	0	0	0
5. LESSER OF LN 3 OR 4 (TO LN 10 PART 1 CDAP RET)	0	0	0	0	0
6. CREDIT CARRYOVER (LN 3 LESS LN 5)	0	0	0	0	0

AS ORIGINALLY FILED

5472

DES00011760

09/13/2002 - 11:53:07 AM
SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 4 of Set 4

WEST CAR POWER VENTURES LLC GLOBAL MARKETS
16-0821261 31-1711973 88-0166122

SCHEDULE A/B ADD & DEDUCT TO FED NET INCOME

1. TAXES ON OR MEASURED BY INCOME	0	452,011	37,497,414
2. FEDERAL NET OPERATING LOSS	0	0	0
3. MUNICIPAL BOND INTEREST	0	0	0
4. OTHER ADDITION #2	0	0	0
5. OTHER ADDITION #3 (ATTACH SCHEDULE)	0	0	0
6. TOTAL ADDITIONS (LN 1 THRU 5)	0	452,011	37,497,414
7. INTEREST ON U.S. OBLIGATIONS	0	0	0
8. FOREIGN DIVIDEND DEDUCTION	0	0	0
9. TOTAL S. CAROLINA BOND INTEREST	0	0	0
10. OTHER DEDUCTIONS (ATTACH SCHEDULE)	0	0	0
11. TOTAL DEDUCTIONS (LN 7 THRU 10)	0	0	0
12. NET ADJUSTMENTS (LN 6 - 11, TO PART I LN 2)	0	452,011	37,497,414

SCHEDULE C - SUMMARY OF CREDITS (FROM SCHEDULES)

1. CREDIT CARRYOVER FROM PREVIOUS YEAR'S SCH C			
2. ENTER TOTAL CREDITS FROM SCHEDULES, LINE 21			
3. TOTAL CREDITS (ADD LINES 1 & 2)	0	0	0
4. TAX (LN 3, PART I, SCHEDULE)	0	0	0
5. LESSER OF LN 3 OR 4 (TO LN 10 PART I CORP RET)	0	0	0
6. CREDIT CARRYOVER (LN 3 LESS LN 5)	0	0	0

AS ORIGINALLY FILED

5473

DES00011761

09/13/2002 - 11:53:07 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 5 of Set :

SC CONS W/DUKE POWER
Year: 2001

DUKE ENERGY	CLT DEVELOP	DUKE E&S	DUKE WATER
26-0205520	26-1222821	16-6027638	26-12276529

SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	9,719,104,582	5,501,984,683	36,879,542	105,949,279	0
2. S.C. PROPORTION (LN 1 X APPROP RAY H-1,2 OR 3)	32,181,910	0	0	7,750,720	0

SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS

1. TOTAL NET INC AS RECON (LN 3 PART 1)	1,297,982,353	644,107,901	10,298,147	20,197,899	0
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	(69,838,790)	1,011,350	0	0	0
3. TOTAL NET INC SUB TO APPORT (LN 1 - 2)	1,366,817,151	644,276,551	10,298,147	20,197,899	0
4. APPORTIONABLE TO SC BY APPORT. RATIO H-1,2 OR 3	131,569,808	125,837,519	0	1,477,577	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 0)	(17,761,018)	132,893	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 4)	113,808,790	125,970,412	0	1,477,577	0

AS ORIGINALLY FILED

5474

DES00011762

09/13/2002 - 11:53:07 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 5 of Set 2

SC CONS W/DUKE POWER
Year: 2001

M-P SUPPLY	TECHTROL	INTERA	DCOMSRVINC	DUKE PROJ SERV
56-0372860	56-1511719	56-1324619	56-2117886	56-0058136

SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	1,000,000	1,737,588	0	1,466,293	10,724,351
2. S.C. PROPORTION (LN 1 X APPROP RAY H-1,2 OR 3)	0	116,729	0	109,629	137,261

SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS

1. TOTAL NET INC AS RECON (LN 3 PART 1)	315,757	(989,620)	0	(1,712,250)	93,184,624
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	0	0	0	0
3. TOTAL NET INC SUB TO APPORT (LN 1 - 2)	315,757	(989,620)	0	(1,712,250)	93,184,624
4. APPORTIONABLE TO SC BY APPORT. RATIO H-1,2 OR 3	0	(254,428)	0	(130,261)	1,192,670
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART 1 LN 4)	0	(254,428)	0	(130,261)	1,192,670

AS ORIGINALLY FILED

5475

DES00011763

09/13/2002 - 11:53:07 AM
 SC CONS W/DUKE POWER
 Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 5 of Set 3

DUKESOLUTIONS	DETHI WGT, INC	WATEREE POWER	GREENVILLE	SOUTHERN POWER
56-0304613	89-1271512	56-0751105	56-0821271	56-0821283

 SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	113,792,352	17,162,880	0	0	0
2. S.C. PROPORTION (LN 1 X APPROX RAT H-1, 2 OR 3)	11,461,735	10,198	0	0	0

 SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS

1. TOTAL NET INC AS RECD (LN 3 PART I)	(19,255,531)	180,276,972	0	0	0
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	0	0	0	0
3. TOTAL NET INC SUB TO APPORT (LN 1 - 2)	(19,255,531)	180,276,972	0	0	0
4. APPOINTIONABLE TO SC BY APPORT. RATIO H-1, 2 OR 3	(1,939,511)	320,352	0	0	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	0	0	0	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART I LN 4)	(1,939,511)	320,352	0	0	0

AS ORIGINALLY FILED

5476

DES00011764

09/13/2002 - 11:53:07 AM

2001 CONSOL. 10. CAROLINA FORM 1120

Page 3 of Set 4

SC CONS W/DUKE POWER
Year: 2001

WEST CAR POWER	VENTURES LLC	GLOBAL MARKETS
26-0891269	31-1713375	RP-0166129

SCHEDULE E - COMPUTATION OF LICENSE FEE

1. TOTAL CAPITAL AND PAID IN SURPLUS END OF YEAR	0	302,809,151	2,625,598,863
2. S.C. PROPORTION (LN 1 X APPROP RAT H-1,2 OR 3)	0	15,245,338	0

SCH G - TAXABLE INCOME FOR MULTISTATE OPERATIONS

1. TOTAL NET INC AS RECD (LN 3 PART 1)	0	9,042,395	360,517,062
2. LESS: INCOME ALLOCATED EVERYWHERE (SCH F, LN 7)	0	(70,666,148)	0
3. TOTAL NET INC SUB TO APPT (LN 1 - 2)	0	79,707,543	360,517,062
4. APPOINTABLE TO SC BY APPT. RATIO H-1,2 OR 3	0	5,065,893	0
5. ADD: INC ALLOCATED TO S CAROLINA (SCH F LN 8)	0	(17,893,911)	0
6. TOTAL S.C. NET INCOME (LN 4 + 5, TO PART 2 LN 8)	0	(12,828,018)	0

AS ORIGINALLY FILED

5477

DES00011765

09/13/2002 - 11:53:08 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 6 of Set 1

SC CONS W/DUKE POWER
Year: 2001

DUKE ENERGY	CLT DEVELOP	DUKE E&S	DUKE WATER
55-0205520	36-1393851	36-6027038	36-1976512

SCH H-1 - COMPUTATION OF 4 FACTOR APPORTIONMENT

PROPERTY RATIO

WITHIN SOUTH CAROLINA
COLUMN A - BEGINNING PERIOD

1. LAND	0	0	0	0
2. BUILDINGS	0	0	0	0
3. MACHINERY AND EQUIPMENT	5,792,436,541	0	192,124	0
4. INVENTORIES	96,831,889	0	0	0
5. OTHER PROPERTY	133,530,054	0	0	0
6. EXCLUSIONS	133,530,054	0	0	0
7. TOTAL	5,889,271,390	0	192,124	0

COLUMN B - ENDING PERIOD

1. LAND	0	0	0	0
2. BUILDINGS	0	0	0	0
3. MACHINERY AND EQUIPMENT	5,865,459,096	0	234,111	0
4. INVENTORIES	108,691,075	0	0	0
5. OTHER PROPERTY	388,745,613	0	0	0
6. EXCLUSIONS	388,745,613	0	0	0
7. TOTAL	5,974,150,169	0	234,111	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	5,931,710,780	0	213,118	0
9. RENTAL OR LEASE VALUE	40,991,872	0	633,501	0
10. TOTAL PROPERTY (COLUMN 1)	5,972,702,652	0	847,022	0

AS ORIGINALLY FILED

5478

DES00011766

09/13/2002 - 11:53:08 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 6 of Sec 2

SC COMS W/DUKE POWER
Year: 2001

M-P SUPPLY TECHTROL INTERA DCONGRVING DUKE PROJ SERV
56-0322840 56-1514719 56-1931649 56-2117886 56-085813E

SCH M-1 - COMPUTATION OF 4 FACTOR APPORTIONMENT

PROPERTY RATIO

WITHIN SOUTH CAROLINA
COLUMN A - BEGINNING PERIOD

1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	434,495	0
6. EXCLUSIONS	0	0	0	0	0
7. TOTAL	0	0	0	434,495	0

COLUMN B - ENDING PERIOD

1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	0
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	616,515	0
6. EXCLUSIONS	0	0	0	222,667	0
7. TOTAL	0	0	0	829,182	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	0	0	0	429,174	0
9. RENTAL OR LEASE VALUE	0	0	0	759,000	0
10. TOTAL PROPERTY (COLUMN 11)	0	0	0	587,182	0

AS ORIGINALLY FILED

5479

DES00011767

09/13/2002 - 11:53:08 AM

2001 CONSOL. SO. CAROLINA FORM 1170

Page 5 of Set 3

SC CONS W/DUKE POWER
Year: 2001

DUKESOLUTIONS	DETHI MGT, INC	WATEREE POWER	GREENVILLE	SOUTHERN POWER
56-0381613	81-1271512	56-0751105	56-0891274	56-0891283

SCH N-1 - COMPUTATION OF 4 FACTOR APPORTIONMENT

PROPERTY RATIO

WITHIN SOUTH CAROLINA
COLUMN A - BEGINNING PERIOD

1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	161,796	0	0	0
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0
7. TOTAL	0	161,796	0	0	0

COLUMN B - ENDING PERIOD

1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	169,990	0	0	0
4. INVENTORIES	293,780	0	0	0	0
5. OTHER PROPERTY	0	0	0	0	0
6. EXCLUSIONS	0	0	0	0	0
7. TOTAL	293,780	169,990	0	0	0

8. AVERAGE OF BEGINNING & ENDING PERIOD
9. RENTAL OR LEASE VALUE
10. TOTAL PROPERTY (COLUMN 1)

8. AVERAGE OF BEGINNING & ENDING PERIOD	146,894	165,893	0	0	0
9. RENTAL OR LEASE VALUE	0	0	0	0	0
10. TOTAL PROPERTY (COLUMN 1)	146,894	165,893	0	0	0

AS ORIGINALLY FILED

5480

DES00011768

03/13/2002 - 11:53:08 AM
SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO, CAROLINA FORM 1120

Page 6 of Set 4

WEST CAR POWER VENTURES LLC GLOBAL MARKETS
56-0881269 31-1741975 88-0166129

SCH M-1 - COMPUTATION OF 4 FACTOR APPOINTMENT

PROPERTY RATIO

WITHIN SOUTH CAROLINA
COLUMN A - BEGINNING PERIOD

1. LAND	0	0	0
2. BUILDINGS	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0
4. INVENTORIES	0	0	0
5. OTHER PROPERTY	0	0	0
6. EXCLUSIONS	0	0	0
7. TOTAL	0	0	0

COLUMN B - ENDING PERIOD

1. LAND	0	0	0
2. BUILDINGS	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0
4. INVENTORIES	0	0	0
5. OTHER PROPERTY	0	0	0
6. EXCLUSIONS	0	0	0
7. TOTAL	0	0	0

8. AVERAGE OF BEGINNING & ENDING PERIOD

9. RENTAL OR LEASE VALUE	0	0	0
10. TOTAL PROPERTY (COLUMN 1)	0	0	0

AS ORIGINALLY FILED

5481

DES00011769

09/13/2002 - 11:53:08 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 7 of Set 1

SC CONS W/DUKE POWER
Year: 2001

	DUKE ENERGY 56-0205529	CLT DEVELOP 56-1333851	DUKE E&S 56-6027038	DUKE WATER 56-1976539
EVERYWHERE				
COLUMN A - BEGINNING PERIOD				
1. LAND	8,062,171	0	0	0
2. BUILDINGS	259,600,712	0	0	0
3. MACHINERY AND EQUIPMENT	16784399780	0	29,045,596	0
4. INVENTORIES	355,178,967	0	0	0
5. OTHER PROPERTY	390,663,223	0	1,300	0
6. EXCLUSIONS	389,351,109	0	1,300	0
7. TOTAL	17400353444	0	29,045,596	0
COLUMN B - ENDING PERIOD				
1. LAND	7,411,619	0	0	0
2. BUILDINGS	280,978,716	0	0	0
3. MACHINERY AND EQUIPMENT	17259948239	0	26,391,034	0
4. INVENTORIES	510,582,202	0	1,989,156	0
5. OTHER PROPERTY	753,750,563	0	1,300	0
6. EXCLUSIONS	753,750,563	0	1,300	0
7. TOTAL	16061916776	0	28,383,190	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	17735135110	0	26,714,393	0
9. RENTAL OR LEASE VALUE	219,975,040	0	79,181,388	0
10. TOTAL PROPERTY (COLUMN 2)	17985110150	0	107,855,781	0
10. PROPERTY RATIO (COLUMN 3 - COLUMN 1 / COLUMN 2)	33.2092	0.0000	0.7853	0.0000

AS ORIGINALLY FILED

5482

DES00011770

09/13/2002 - 11:53:08 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 7 of Set 2

SC CONS W/DUKE POWER
Year: 2001

	M-P SUPPLY 26-0322810	TECHTROL 26-1584719	INTERA 26-1931619	DCOMSRVINC 26-2117886	DUKE PROJ SERV 26-0858136
EVERYWHERE					
COLUMN A - BEGINNING PERIOD					
1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	5,757,902
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	6,255,918	0
6. EXCLUSIONS	0	0	0	163,110	0
7. TOTAL	0	0	0	6,092,478	5,757,902
COLUMN B - ENDING PERIOD					
1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	0	0	7,178,257
4. INVENTORIES	0	0	0	0	0
5. OTHER PROPERTY	0	0	0	3,490,556	0
6. EXCLUSIONS	0	0	0	659,170	0
7. TOTAL	0	0	0	2,831,386	7,178,257
8. AVERAGE OF BEGINNING & ENDING PERIOD	0	0	0	4,461,932	6,468,080
9. RENTAL OR LEASE VALUE	0	0	0	1,861,872	11,770,768
10. TOTAL PROPERTY (COLUMN 2)	0	0	0	6,326,804	18,230,848
10. PROPERTY RATIO (COLUMN 3 - COLUMN 1 / COLUMN 2)	0.0000	0.0000	0.0000	9.2809	0.0000

AS ORIGINALLY FILED

5483

DES00011771

09/13/2002 - 11:53:08 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 7 of Set 3

SC CONS W/DUKE POWER
Year: 2001

	DUKESOLUTIONS 56-0901611	DETHI MGT, INC 81-1271312	WATEREE POWER 56-0751105	GREENVILLE 56-0831271	SOUTHEAN POWER 56-0821283
EVERYWHERE					
COLUMN A - BEGINNING PERIOD					
1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	29,607,408	48,563,133	0	0	0
4. INVENTORIES	1,600,220	21,573,422	0	0	0
5. OTHER PROPERTY	9,375,452	19,164,153	0	0	0
6. EXCLUSIONS	9,375,452	19,164,153	0	0	0
7. TOTAL	31,207,628	72,136,555	0	0	0
COLUMN B - ENDING PERIOD					
1. LAND	0	0	0	0	0
2. BUILDINGS	0	0	0	0	0
3. MACHINERY AND EQUIPMENT	35,011,113	75,136,682	0	0	0
4. INVENTORIES	1,600,738	51,956,109	0	0	0
5. OTHER PROPERTY	0	96,690,344	0	0	0
6. EXCLUSIONS	0	96,690,344	0	0	0
7. TOTAL	36,611,881	130,092,791	0	0	0
8. AVERAGE OF BEGINNING & ENDING PERIOD	33,911,255	101,114,673	0	0	0
9. RENTAL OR LEASE VALUE	21,518,812	327,024,134	0	0	0
10. TOTAL PROPERTY (COLUMN 2)	57,422,087	428,138,807	0	0	0
10. PROPERTY RATIO (COLUMN 3 - COLUMN 1 / COLUMN 2)	0.2558	0.0187	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5484

DES00011772

09/13/2002 - 11:53:08 AM
 SC CONS W/DUXE POWER
 Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 7 of Set 4

	WEST CAR POWER 56-0891269	VENTURES LLC 31-1711915	GLOBAL MARKETS 58-0366129
EVERYWHERE			
COLUMN A - BEGINNING PERIOD			
1. LAND	0	0	1,114,256
2. BUILDINGS	0	0	292,995,879
3. MACHINERY AND EQUIPMENT	0	0	1,257,727,509
4. INVENTORIES	0	0	27,186,026
5. OTHER PROPERTY	0	0	1,385,633,451
6. EXCLUSIONS	0	0	1,385,633,451
7. TOTAL	0	0	1,579,075,583
COLUMN B - ENDING PERIOD			
1. LAND	0	0	0
2. BUILDINGS	0	0	0
3. MACHINERY AND EQUIPMENT	0	0	2,203,213,080
4. INVENTORIES	0	0	23,412,224
5. OTHER PROPERTY	0	0	3,466,147,215
6. EXCLUSIONS	0	0	3,466,147,215
7. TOTAL	0	0	2,226,633,304
8. AVERAGE OF BEGINNING & ENDING PERIOD	0	0	1,902,854,444
9. RENTAL OR LEASE VALUE	0	0	21,711,472
10. TOTAL PROPERTY (COLUMN 7)	0	0	1,924,605,916
10. PROPERTY RATIO (COLUMN 3 - COLUMN 1 / COLUMN 2)	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5485

DES00011773

09/13/2002 - 11:53:08 AM
 SC COVS W/DUKE POWER
 Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 8 of Set 1

PAYROLL RATIO

WITHIN SOUTH CAROLINA

11. GROSS PAYROLL (COLUMN 1)
 12. LESS: OFFICERS COMPENSATION & EXCLUSIONS
 13. TOTAL PAYROLL (COLUMN 1)

DUKE ENERGY 56-0205526	CLT DEVELOP 56-1393851	DUKE E&S 56-6027038	DUKE WATER 56-1976219
271,618,567	0	13,069,177	0
1,335,838	0	169,845	0
270,282,729	0	12,899,332	0

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)
 12. LESS: OFFICERS COMPENSATION & EXCLUSION
 13. TOTAL PAYROLL (COLUMN 2)
 13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

804,169,562	0	203,111,714	0
14,025,953	0	1,230,501	0
790,143,609	0	199,861,210	0
31.2068	0.0000	5.4821	0.0000

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)

1,237,874,965	0	66,059,129	0

EVERYWHERE

14. TOTAL SALES (COLUMN 2)
 14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)

23115270206	0	600,690,386	0
5.3552	0.0000	10.9972	0.0000

15. TOTAL SALES WITHIN S.C. (COLUMN 1)
 15. TOTAL SALES EVERYWHERE (COLUMN 2)
 15. EXTRA SALES RATIO (COLUMN 3)

1,237,874,965	0	66,059,129	0
23115270206	0	600,690,386	0
5.3552	0.0000	10.9972	0.0000

16. TOTAL OF RATIOS

78.1261	0.0000	29.7618	0.0000

17. ARITHMETICAL AVERAGE OF RATIOS

19.5336	0.0000	7.3155	0.0000

AS ORIGINALLY FILED

5486

DES00011774

09/13/2002 - 11:53:06 AM

2001 CONSOL. SC. CAROLINA FORM 1120

Page 8 of Set 2

SC COMS W/DUKE POWER
Year: 2001

	M-P SUPPLY 56-0122840	TECHTROL 56-1541719	INTERA 56-1921649	DCOMSRVINC 56-2117886	DUKE PROJ SERV 56-0958136
PAYROLL RATIO					
WITHIN SOUTH CAROLINA					
11. GROSS PAYROLL (COLUMN 1)	0	0	0	0	135,994
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS	0	0	0	0	0
13. TOTAL PAYROLL (COLUMN 1)	0	0	0	0	135,994
EVERYWHERE					
11. GROSS PAYROLL (COLUMN 2)	0	0	0	0	46,073,666
12. LESS: OFFICERS COMPENSATION & EXCLUSION	0	0	0	0	1,299,078
13. TOTAL PAYROLL (COLUMN 2)	0	0	0	0	44,776,638
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	0.0000	0.0000	0.0000	0.0000	0.3037
SALES RATIO					
WITHIN SOUTH CAROLINA					
14. TOTAL SALES (COLUMN 1)	0	0	0	304,687	54,251,395
EVERYWHERE					
14. TOTAL SALES (COLUMN 2)	247,810	0	0	1,531,357	2,253,017,944
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	0.0000	0.0000	0.0000	6.5745	2.4079
15. TOTAL SALES WITHIN S.C. (COLUMN 1)	0	0	0	304,687	54,251,395
15. TOTAL SALES EVERYWHERE (COLUMN 2)	247,810	0	0	1,531,357	2,253,017,944
15. EXTRA SALES RATIO (COLUMN 3)	0.0000	0.0000	0.0000	6.5745	2.4079
16. TOTAL OF RATIOS	0.0000	0.0000	0.0000	72.4739	5.1195
17. ARITHMETICAL AVERAGE OF RATIOS	0.0000	0.0000	0.0000	7.4766	1.2799

AS ORIGINALLY FILED

5487

DES00011775

09/13/2002 - 11:53:08 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 2 of Sec 3

SC CONS W/DUKE POWER
Year: 2001

PAYROLL RATIO

WITHIN SOUTH CAROLINA

11. GROSS PAYROLL (COLUMN 1)	0	1,391,287	0	0	0
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS	0	0	0	0	0
13. TOTAL PAYROLL (COLUMN 1)	0	1,391,287	0	0	0

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)	17,489,023	265,495,000	0	0	0
12. LESS: OFFICERS COMPENSATION & EXCLUSION	1,832,376	41,883,267	0	0	0
13. TOTAL PAYROLL (COLUMN 2)	15,656,647	223,611,733	0	0	0
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	0.0000	0.6227	0.0000	0.0000	0.0000

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)	12,292,624	15,816,816	0	0	0

EVERYWHERE

14. TOTAL SALES (COLUMN 2)	61,410,678	635,883,853	0	0	0
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	0.2017	0.0249	0.0000	0.0000	0.0000

15. TOTAL SALES WITHIN S.C. (COLUMN 1)	12,292,624	15,816,816	0	0	0
15. TOTAL SALES EVERYWHERE (COLUMN 2)	61,410,678	635,883,853	0	0	0
15. EXTRA SALES RATIO (COLUMN 3)	0.2017	0.0249	0.0000	0.0000	0.0000

16. TOTAL OF RATIOS	0.2300	0.7107	0.0000	0.0000	0.0000

17. ARITHMETICAL AVERAGE OF RATIOS	0.0725	0.1777	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5488

DES00011776

09/13/2002 - 11:53:08 AM
SC CONS W/DUXE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 8 of Set 1

PAYROLL RATIO

WITHIN SOUTH CAROLINA

	WEST CAR POWER 56-0891269	VENTURES LLC 31-1713975	GLOBAL MARKETS 88-0366129
11. GROSS PAYROLL (COLUMN 1)	0	0	0
12. LESS: OFFICERS COMPENSATION & EXCLUSIONS	0	0	0
13. TOTAL PAYROLL (COLUMN 1)	0	0	0

EVERYWHERE

11. GROSS PAYROLL (COLUMN 2)	0	0	79,884,814
12. LESS: OFFICERS COMPENSATION & EXCLUSION	0	0	9,105,317
13. TOTAL PAYROLL (COLUMN 2)	0	0	70,779,497
13. PAYROLL RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	0.0000	0.0000	0.0000

SALES RATIO

WITHIN SOUTH CAROLINA

14. TOTAL SALES (COLUMN 1)	0	0	0

EVERYWHERE

14. TOTAL SALES (COLUMN 2)	0	0	9,779,157,188
14. SALES RATIO (COLUMN 3 = COLUMN 1 / COLUMN 2)	0.0000	0.0000	0.0000

15. TOTAL SALES WITHIN S.C. (COLUMN 1)	0	0	0
15. TOTAL SALES EVERYWHERE (COLUMN 2)	0	0	9,779,157,188
15. EXTRA SALES RATIO (COLUMN 3)	0.0000	0.0000	0.0000

16. TOTAL OF RATIOS	0.0000	0.0000	0.0000

17. ARITHMETICAL AVERAGE OF RATIOS	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5489

DES00011777

09/13/2002 - 11:53:00 AM

2001 CONSOL. SO. CAROLINA FORM 1120

Page 9 of Set 1

SC CONS W/DUKE POWER
Year: 2001

DUKE ENERGY	CLT DEVELOP	DUKE E&S	DUKE WATER
56-0205529	56-133851	56-602703P	56-1976539

SCHEDULE H-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0
0	0	0	0
0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	11,421,362	0	0
0	0	0	0
0	11,421,362	0	0

4. RATIO OF GROSS RECEIPTS

0.0000	0.0000	0.0000	0.0000

AS ORIGINALLY FILED

5490

DES00011778

09/13/2002 - 11:53:08 AM
 SC CONS W/DOME POWER
 Year: 2001

2001 CONSOL. 'SG. CAROLINA FORM 1120

Page 3 of Set 2

M-P SUPPLY	TECHTROL	INTERA	DOONSRVINC	DUKE PROJ SERV
56-0327810	56-1541719	56-1931619	56-2117816	56-0858436

 SCHEDULE M-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	170,690	0	0	0
0	0	0	0	0
0	170,690	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	1,830,785	0	0	0
0	0	0	0	0
0	1,830,785	0	0	0

4. RATIO OF GROSS RECEIPTS

0.0000	25.7897	0.0000	0.0000	0.0000

09/13/2002 - 13:53:08 AM
SC CONS W/DUKE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1120

Page 9 of Set 1

DUKESOLUTIONS	DETHI MGT. INC	WATEREE POWER	GREENVILLE	SOUTHERN POWER
56-0891663	84-1271512	56-0751105	56-0891274	56-0891283

SCHEDULE H-1 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS
2. LESS: EXCLUSION
3. GROSS RECEIPTS (FOR RATIO)

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

4. RATIO OF GROSS RECEIPTS

0.0000	0.0000	0.0000	0.0000	0.0000

09/13/2002 ~ 11:53:08 AM
SC CONS W/DUXE POWER
Year: 2001

2001 CONSOL. SO. CAROLINA FORM 1170

Page 9 of Set 6

WEST CAR POWER	VENTURES LLC	GLOBAL MARKETS
16-0891269	21-1713975	88-0366179

SCHEDULE H-2 GROSS RECEIPTS RATIO

WITHIN SOUTH CAROLINA

1. TOTAL GROSS RECEIPTS	0	55,056,299	0
2. LESS: EXCLUSION	0	45,010,603	0
3. GROSS RECEIPTS (FOR RATIO)	0	10,045,696	0

EVERYWHERE

1. TOTAL GROSS RECEIPTS	0	659,711,476	0
2. LESS: EXCLUSION	0	591,693,839	0
3. GROSS RECEIPTS (FOR RATIO)	0	158,068,646	0
4. RATIO OF GROSS RECEIPTS	0.0000	6.3556	0.0000

AS ORIGINALLY FILED

5493

DES00011781

DUKE ENERGY CORPORATION
Statement Attached To
South Carolina State Income Tax Return
For Year Ending December 31, 2001

Schedule D - Item 12

Authorized Shares:

	<u>Number</u>	<u>Class</u>
Preferred Stock	12,500,000	Preferred
Preferred Stock A	10,000,000	Preferred
Preference Stock	1,500,000	Preferred
	<u>24,000,000</u>	

Schedule D - Item 13 - Shares Outstanding

	<u>Number</u>	<u>Class</u>	<u>Series</u>
Preferred	800,000	Preferred	6.20%
Preferred	130,000	Preferred	6.40%
Preferred	250,000	Preferred	6.75%
Preferred	175,000	Preferred	4.50%
Preferred	300,000	Preferred	7.85%
Preferred	249,989	Preferred	7.00%
Preferred	299,995	Preferred	7.04%
Preferred	1,257,185	Preferred	6.38%
Preferred	750,000	Preferred	Auction Series A
	<u>4,212,169</u>		

AS ORIGINALLY FILED

Form 2220

Duke Energy Corporation
Schedule of Annualized Income to Accompany Form SC Form 2220
2001

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
First quarter based on prior year tax	46,775,294	46,775,294	88,811,289	207,110,936
Quarterly income of all SC entities after SC allocation percentages and annualization	187,101,177	187,101,177	177,622,578	276,147,224
Annualized SC Tax at 5%	9,355,059	9,355,059	8,881,129	13,807,361
Amounts due by Quarter:				
25% due by 1st quarter	2,338,765			
50% due by 2nd quarter		4,677,529		
75% due by 3rd quarter			6,660,847	
100% due by 4th quarter				13,807,361
Less: Amounts Previously Due:				
1st Quarter		2,338,765	2,338,765	2,338,765
2nd Quarter			4,677,529	4,677,529
3rd Quarter				6,660,847
4th Quarter				
Total Line 4 - Form SC2220	2,338,765	2,338,765	(365,447)	9,485,279

TAX CREDIT

**Duke Energy Corporation
Statements relating to Tax Credit Under
SC Code Section 12-6-3490
2001**

Name of persons completing the projects are listed on the attached sheets.

Description of the projects - all for infrastructure - included on the attached sheets

The SC Code section under which each project qualifies is 12-6-3490(B)(1) and (2)

The amount of cash paid by Duke Energy for the projects is \$300,000

Expected completion date for the latest project under which this credit is claimed is 12-31-01

Taxpayer herein agrees to an extension of the statute of limitations for the Duke Energy
South Carolina income tax return (Form SC1120) for the year 2001 until December 31, 2005.

AS ORIGINALLY FILED

DUKE ENERGY CORPORATION
EIN: 56-0205520
2001 INFRASTRUCTURE GRANTS
ATTACHMENT TO SC 1120

During 2001 Duke Energy made the following infrastructure grants under the SC Rural Development Act to the following qualifying projects:

<u>Company</u>	<u>Amount</u>
Spartanburg Area COC	\$ 10,000.00
Lancaster County Econ Dev Corp	25,000.00
Lancaster County Econ Dev Corp	25,000.00
Greenville Area Development Corp	35,000.00
Laurens County Chamber of Commerce	20,000.00
Laurens County Chamber of Commerce	20,000.00
Union County Development Board & COC	10,000.00
York County South Carolina Manager's Office	50,000.00
Pickens County Econ Dev	15,000.00
Union County Development Board & COC	10,000.00
Laurens County Chamber of Commerce	25,000.00
City of Simpsonville	10,000.00
Greenwood County Economic Alliance	20,000.00
Spartanburg/Cherokee Industrial Development Corp	25,000.00
	<u>\$ 300,000.00</u>

AS ORIGINALLY FILED

INV# 040301100-0000



EST. 1914
Spartanburg, SC 29302
Phone: 803.595.1000
Fax: 803.595.1001
www.spartanburg.org

AUTHORIZED
MES
SPARTANBURG



4/5/01
Agreement for RDA
Pays for RDA
RCS

April 3, 2001

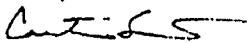
Mr. Jim Rogers
Duke Power
349 East Main Street
Spartanburg, SC 29302

Dear Jim,

I am requesting, per our previous discussion, consideration for a \$10,000.00 grant from the RDA funds. As you are aware, we have been successful in recruiting Cintas to the Bryant Business Center. The location of Cintas along with other companies in this area and the potential for additional companies have spurred the need to evaluate the waste water system servicing this area.

The funds requested will be combined with other funds to provide evaluation of the Lawson Fork Waste Water Treatment Plant capacity and also evaluate the collection system for this area. I appreciate Duke Power's and your consideration in this matter.

Sincerely,


R. Carter Smith, CED
Senior Vice President
Economic Development

RCS/erm

Account
Account
Voucher #

AS ORIGINALLY FILED

0713012500000

AUTHORIZED
MES
SPARTANBURG

LANCASTER COUNTY ECONOMIC DEVELOPMENT CORPORATION

July 13, 2001

Jim Rodgers
349 E. Main Street
Spartanburg, SC 29302

Dear Jim,

Per our telephone conversation concerning the ASI building located on Little Duke Avenue outside Kershaw in Lancaster County. The building was purchased by Stewart Enterprises of Monroe, NC. Robert Stewart, President. The start up of a flex molding operation is ready to begin operation. It would be very appropriate if Duke Energy could assist Lancaster County Economic Development Corporation in some infrastructure needs such as, Sewer pump upgrade and road improvements. Cost of these improvements is approximately \$25,000.00 Duke Energy does a tremendous job in the recruitment of industry of which we are very appreciative. If I can be of further assistance please give me a call.

President
Ray E. Gardner

PO Box 973, Lancaster, SC 29721, 803-285-9471, Fax 803-285-9472, Email:LCEDC@infoAva.Net

AS ORIGINALLY FILED

5499

DES00011787

0827012500000



LANCASTER COUNTY ECONOMIC DEVELOPMENT CORPORATION

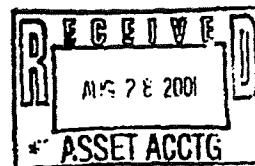
August 27, 2001

Jim Rodgers
349 East Main Street
Spartanburg, SC 29302*8/27/01 for
Approved for
Payment*

Dear Jim,

Per our telephone conversation about the Cooley Group who purchased the Synteen building in Lancaster Business Park needs some assistance in constructing a new road. This road extension is needed for access to an expansion area they are constructing. It would be greatly appreciated if Duke Energy could assist with this cost of approximately \$25 000.00. Lancaster County is resurfacing the lower drive way on the Cooley property, which was damaged by the Water and Sewer crews. Thank you for your assistance. Duke Energy does a great job in all area's it serves.

Ray E. Gardner

Ray
President

PO Box 973, Lancaster, SC 29721, 803-285-9471, Fax 803-285-9472, Email: LCEDC@infoAve.Net

AS ORIGINALLY FILED

5500

DES00011788

1044-350-00

Greenville

Area Development Corporation

AJNDRAZEL
RIS
SP: TAME JC

September 27, 2001

Sтивен M. West
Manager, Economic Development
Duke Power
Mail Code: Greenville BO
325 W. McBee Avenue
Greenville, SC 29601

Dear Steve,

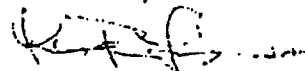
Per our phone conversation yesterday, I am writing you to request \$35,000 in support of a confidential industrial client that we are currently negotiating with to locate in the Matrix Business & Technology Park. Duke's financial commitment will be a vital part of our community's package to induce the client.

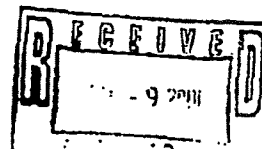
We are requesting the funds under the Utility Tax Credit provision for infrastructure provided for under SC Tax Code Section 12-20-105. We understand these funds must be used for infrastructure per section C, meaning "improvements for water, sewer, gas, steam, and communication services made to a building or land." As required, we will secure appropriate receipts before dispensing funds.

Please remit your check to the address below made payable to the Greenville Area Development Corporation. If you require any additional information, please do not hesitate to give me a call.

Thank you for your support. We appreciate Duke's commitment to the Greenville area!

Yours sincerely,


Kevin R. Landmesser
Senior Project Manager



AS ORIGINALLY FILED

5501

DES00011789

INV: 18012006



LAURENS COUNTY
CHAMBER OF COMMERCE

AUTH: ZFI
REL:
EXAM: DCL

November 8, 2001

Mr. Steve West
Duke Power
325 W. McBee
Greenville, SC 29601

Dear Steve,

Project Faurocia is an existing industry in Fountain Inn that will be building a 100,000 sq.-ft. warehouse. This warehouse will replace an existing building that they presently lease in Greenville County. The capital investment will be approximately \$6.5 million and will create approximately 100 new jobs. This project qualifies for fee in lieu of property taxes under Chapter 12, Title 4 of the 1976 SC Code of Laws (as amended).

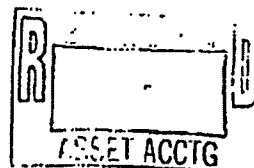
The company will need to have International Boulevard widen to accommodate the significant increase in truck traffic. The cost will be \$100,000. We are requesting that Duke Power allocate \$20,000 from the License Tax Credit fund to assist in this project.

If approved, please forward to me a letter of commitment as soon as possible. Please call me at 864-833-2716 if you have questions or need additional information.

Sincerely,

Marvin Moss

Marvin Moss
President/CEO
Laurens County Chamber of Commerce



Post Office Box 249 • Laurens, South Carolina 29360 • Phone 864-833-2716 • Fax 864-833-6035
www.laurenschamber.org

AS ORIGINALLY FILED

5502

DES00011790

INVA - 111901 000000



LAURENS COUNTY
CHAMBER OF COMMERCE

K15181
AUTHORIZ. [unclear]
MES
SPARTANBURG

June 14, 2001

Mr. Steve West
Duke Power
325 W. McBee Avenue
Greenville, SC 29601

11/9/01
Purs. Proj. from
RCA Funds
J. [unclear]

Dear Steve:

Project Thompson Steel is an existing industry that qualifies for fee in lieu of property taxes under Chapter 12, Title 4 of the 1976 SC Code of Laws (as amended). The project is still considered active at the Department of Commerce and will have a capital investment \$8,4000,000 and would create approximately 27 new jobs in Laurens County during phase 1 of the project.

Because of a new account, the company will be required to build a rail spur from Teknor Apex to their facility. The estimated cost of the rail is \$572,000. We are requesting that Duke Power allocate \$20,000 from your License Tax Credit fund for the fiscal year 2001 to assist in the construction of the rail.

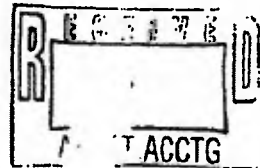
Please forward to me a letter of commitment as soon as possible. Please call me at 864-833-2716 if you have questions or need additional information.

Sincerely,

Marvin Moss

Marvin Moss
President/CEO
Laurens County Chamber of Commerce

Enclosure



Printed on Recycled Paper - 100% Recycled Paper - 100% Recycled Paper - 100% Recycled Paper - 100% Recycled Paper

INV# 00301583000

INV# 00301583000



COUNTY MANAGER'S OFFICE

YORK COUNTY, SOUTH CAROLINA
100 EAST MAIN STREET, SPARTANBURG, SOUTH CAROLINA 29302

November 26, 2001

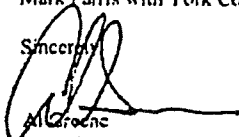
Mr. James C. Rogers
Director, Economic Development
Duke Energy
349 East Main Street
Spartanburg, South Carolina 29302

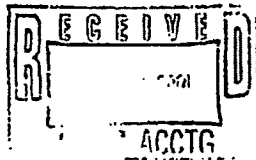
Dear Mr. Rogers:

Thank you for your help and cooperation as we strive to make York County a better place in which to live and work. I recently was made aware that \$50,000 of South Carolina RDA licensing fee funds from Duke Energy are available to assist York County with the provision of infrastructure for the Ross Stores project in the Fort Mill area. Since well over \$700,000 worth of infrastructure improvements will need to be made at the site, these funds would be a welcome addition to the various projects at the Ross site.

We appreciate your dedication of these funds to York County and the Ross Stores project. If you have any questions, or need further information, please do not hesitate to call either myself, or Mark Farris with York County Economic Development.

Sincerely,


Mark Farris
York County Manager



12-13-01 THU 12 13 FAX 864 898 5595
ALLNCE

DUKE POWER SPARTANBURG
464 898 5595

7004

1210611500010



Economic Development Alliance of Pickens County

P.O. Box 279
424 Hampton Avenue
Pickens, South Carolina 29671
www.edape.com - hnselson@innova.net

Phone: (864) 898 5593 FAX: (864) 898 5595

FILE

RDA funds

December 7, 2001

Mr. Steve West
Duke Power
325 West McBee Avenue
Greenville, SC 29601

Dear Mr. West

First I would like to thank you and your associates at Duke Power for your generous and continuing support of economic development in Pickens County. Without you the Pickens County Industrial Park would not be a reality.

Phase I sewer construction was completed in June 2001. Construction for all interior park roads began this week. With the completion of the interior park roads, we will have exhausted all funds available for the industrial park project. Signage and Phase II Sewer are the remaining large investment items in the Industrial Park. Estimated cost for these last two items is approximately \$500,000. Given the current state of the economy grant funds are likely the best source for the completion of the Park.

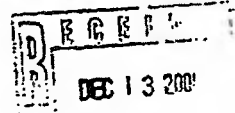
Please consider this letter a request for RDA funds. Specifically, I would like to apply the \$15,000 that you said may be available to the initial survey work for Phase II sewer. Our anticipated cost for this survey is approximately \$15,000. Thank you in advance for considering our request. If you have any questions or need any additional information, please do not hesitate to call.

Sincerely,

Burriss Nelson
Director

Authorized
Asset Acctg.
Voucher #

BN:dw



12-11-01

AS ORIGINALLY FILED

5505

DES00011793



Union County Development Board & Chamber of Commerce

30 West Main Street
Union, South Carolina 29379
Tel: 803.979.1111 Fax: 803.979.1111 Email: info@unioncountysc.com Website: www.unioncountysc.com

November 14, 2001

James Rogers, Director
Duke Power
349 East Main Street
Spartanburg, S.C. 29302

Re: Parts & Machinery

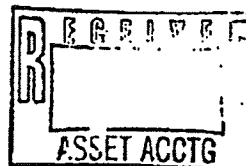
Dear James,

Attached please find the notification from DOR for the project we have discussed. This project will be completed by the end of December.

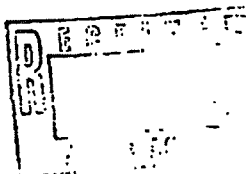
Union County appreciates your willingness to help fund approved projects within our County with the License and Franchise Fees

Sincerely yours,

Stanley
Stanley Vanderford
Director, Union County Development Board



Attachments: Qualifications for Enterprise Program



AS ORIGINALLY FILED

5506

DES00011794

12 13 01 THE 14 15 FAX 864 834 8312
12 13 01 FAX 14 15 FAX 864 834 8312

DUKE POWER SPARTANBURG
DUKE POWER CUST SVC SO.

Page
3003



LAURENS COUNTY
CHAMBER OF COMMERCE

12106121 0000

L12 399

June 4, 2001

FILE

RDA Funds

Mr. Steve West
Duke Power
325 West McBee Avenue
Greenville, SC 29601

Dear Steve

Laurens County is presently planning an Industrial park at the intersection of I-385 and Hwy 14 in the Owens community. The park would occupy the Powers Industrial Site which is approximately 235 acres and is located adjacent Exit 19. We are building a financial package to assist in the development of this park. A commitment of License Tax Credit funds from Duke Power would enhance the success of this project. An industrial park constructed by a county qualifies under Section 12-20-105 of the 1976 SC Code of Laws (as amended).

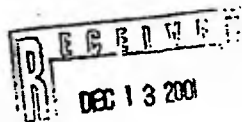
We would like for Duke Power to allocate \$25,000 of their 2001 License Tax Credit to this project. We understand that we cannot accept the money should this park not develop. Laurens County Water and Sewer is applying for a grant from the tobacco settlement money for sewer to be extended from Fountain Inn to Exit 19. In order to strengthen the request for the sewer funding, we would like to have a letter of intent from Duke Power to include with the application. The application deadline is June 30, 2001.

I am enclosing a map of the Powers Industrial Site for your review. Please contact me if you have questions or concerns.

Sincerely

Marvin D. Moss
Marvin D. Moss
President/VCO

Enclosure



Authorized
Asset Acctg.
Voucher:

Post Office Box 248 • Laurens, South Carolina 29360 • Phone 864 833 2716 • Fax 864 833 7037
www.laurenscounty.org

12/14/01

12-13-01 THU 14 43 FAX 864 9530
DUKE POWER SPARTANBURG
DUKE POWER CUST SVC BU.

DUKE POWER SPARTANBURG
DUKE POWER CUST SVC BU.

0012
0001



FILE

12/00/1000000: E

L1306

ROA funds
\$10,000

Barry N. Hickman
CITY ADMINISTRATOR

December 3, 2001

Mr. Steven West
Manager, Economic Development
Duke Power
325 W. McBee Ave.
Greenville, S.C. 29201

Dear Sir,

In accordance with Duke Power's commitment, the City of Simpsonville respectfully requests \$ 75,000 to be used for infrastructure improvements for the Simpsonville Industrial Park project.

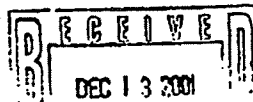
We understand that these funds are being provided by Duke Power under the South Carolina Code 12-20-105, Credit against License Tax for Infrastructure, often called the Utility Infrastructure Credit. Pursuant to this law, the planned use of these funds is for gas, water and sewer lines as well as fixed transportation facilities and infrastructure.

Please make any check payable to the City of Simpsonville. These funds will be held in escrow and not dispersed until we verify appropriate usage by securing receipts.

We sincerely appreciate Duke Power's assistance in our recruiting efforts and for your continued support.

Sincerely yours,

Authorized
Asset Acctg.
Voucher #

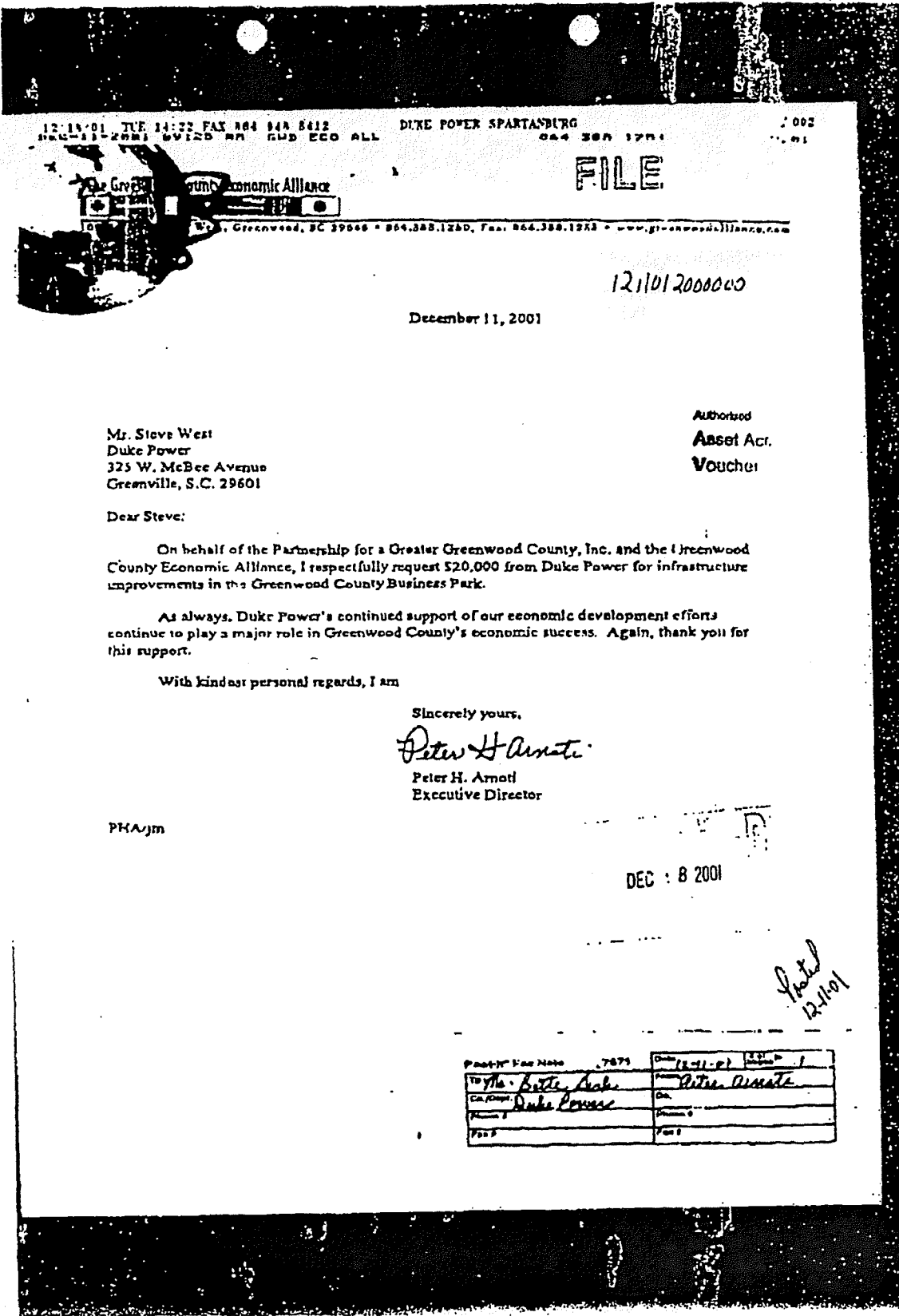


Barry N. Hickman
City Administrator

118 North Main Street • Simpsonville, SC 29681
Office 864-967-9526 • Fax 864-967-9530
E-mail: BHickman@Simpsonville.com

Noted
12-11-01

AS ORIGINALLY FILED



12-15-01 TUE 14:22 FAX 864 388 1242 DUKE POWER SPARTANBURG 002
 12-15-01 12:22 PM GUD ECO ALL 044 388 1701



FILE

1000 W. Main Street, Greenville, SC 29601 • 864.388.1242, Fax: 864.388.1243 • www.greengrowoodalliance.com

12/10/2000000

December 11, 2001

Mr. Steve West
 Duke Power
 325 W. McBee Avenue
 Greenville, S.C. 29601

Authorized
 Asset Act.
 Voucher

Dear Steve:

On behalf of the Partnership for a Greater Greenwood County, Inc. and the Greenwood County Economic Alliance, I respectfully request \$20,000 from Duke Power for infrastructure improvements in the Greenwood County Business Park.

As always, Duke Power's continued support of our economic development efforts continue to play a major role in Greenwood County's economic success. Again, thank you for this support.

With kindest personal regards, I am

Sincerely yours,

Peter H. Amott

Peter H. Amott
 Executive Director

PHA/jm

DEC 18 2001

*Postel
 12-11-01*

Printed Form No. 7875		Date	12-11-01	Page	1
To	Mr. Peter Amott	From	Peter Amott		
City/Dept.	Duke Power	On			
Phone		Phone			
Fax		Fax			

12 10 01 TUE 11 22 FAX 864 594 5112

DUKE POWER SPARTANBURG

2001

12110125000



RDA funds



December 10, 2001

Mr. James C. Rogers
Director
Economic Development
Duke Power
349 East Main Street
Spartanburg, SC 29302

Authorized
Asset Acctg.
Voucher #

Re: Economic Development: South Carolina Rural Development Act Fund
Spartanburg/Cherokee Industrial Development Corporation

Dear Jim:

This is to confirm our previous conversation regarding the Spartanburg/Cherokee Industrial Development Corporation. Your commitment of \$25,000 will be used for engineering studies related to the proposed park.

If this is acceptable, please make your check payable to the following.
Spartanburg/Cherokee Industrial Development Corporation, EIN 57-1128663, c/o
Jim Inman, Treasurer, 225 South Limestone Street, Gaffney, SC 29340.

Thank you for your consideration in this matter.

Sincerely,

R. Carter Smith
Action Team Member of
Spartanburg/Cherokee Industrial Development Corporation

RCS:jmc

CC: Jim Inman, Treasurer/Secretary
David Britt, Chairman/President

DEC 18 2001

P.O. Box 1616 • Spartanburg, SC 29304 • (864) 594-3000 • Fax (864) 594-5055 • www.spartanburgsc.org

Handwritten initials



Union County Development Board & Chamber of Commerce

135 West Main Street
Union, South Carolina 29379
(864) 427-9030 Fax (864) 427-9030 Website: www.union-sc.com

112,01109000
AUTHORIZED
MES
SPARTANBURG

November 14, 2001

James Rogers, Director
Duke Power
349 East Main Street
Spartanburg, S.C. 29302

Re: Parts & Machinery

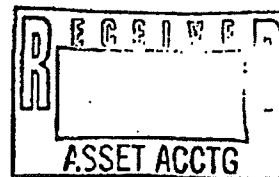
Dear James,

Attached please find the notification from DOR for the project we have discussed. This project will be completed by the end of December.

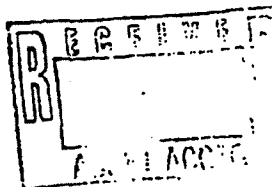
Union County appreciates your willingness to help fund approved projects within our County with the License and Franchise Fees.

Sincerely yours,

Stanley
Stanley Vanderford
Director, Union County Development Board



Attachments: Qualifications for Enterprise Program



AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Duke Energy
Corporation (DPC)**

officer name

Officer	Title	Appointed
Airmelda, Antonio Joseph	Vice President, Customer Services (Duke Power)	6/18/1997
Arendsdorf, John Roger	Vice President, Investor Relations	5/1/2001
Bailey, Brent C.	Senior Vice President and General Counsel	9/1/2001
Barron, Jr., Henry Brewerton	Vice President, McGuire Nuclear Site (Duke Power)	6/18/1997
Beam, Charles Keith	Vice President, Information Management Operation Services	1/1/2001
Becht, Sue Ann	Senior Vice President, Investor Relations	1/1/2001
Blackburn, Richard Wallace	Executive Vice President and General Counsel	10/28/1997
Bowman, Roberta Bromberg	Senior Vice President, Public Affairs	1/1/2001
Boyer, Jeffrey Lee	Vice President, Financial Analysis	9/1/2001
Brace, Robert Paul	Executive Vice President & Chief Financial Officer	12/20/2000
Bright, Theodore Berry	Vice President, Fossil Operations (Duke Power)	8/17/1998
Broome, Randolph Davis	Vice President, Sales & Service (Duke Power)	6/18/1997
Brown, George Vincent	Vice President, Corporate Risk Management & Chief Credit Officer	7/1/2001
Butler, Keith Gerard	Senior Vice President and Controller	8/28/2001
Caldwell, Myron Lawing	Vice President, Corporate Finance	11/1/2000
Canady, Kenneth S.	Vice President, Nuclear Engineering (Duke Power)	1/1/2001
Chuber, James Winston	Vice President, Global Sourcing and Logistics and Chief Procurement Officer	10/1/2001
Clinton, Angeline Massey	Vice President, Information Systems, Duke Power	9/1/2001
Coley, William Alfred	Group President, Duke Power	6/18/1997
Davis, Curtis Henry	Senior Vice President, Power Generation (Duke Power)	8/17/1998
Day, Michael Winston	Vice President, Global Fundamental Analysis	2/1/2001
De May, Stephen Gerard	Vice President, Business Unit Finance	11/1/2000
Everett, George Thomas	Vice President, Environmental Affairs, Duke Power	10/1/2001
Ferrell, III, Excell Osborne	Senior Vice President, Electric Distribution (Duke Power)	6/18/1997
Flynn, Cary Douglas	Senior Vice President, Corporate Tax	1/1/2001
Fowler, Fred J.	Group President, Energy Transmission	6/18/1997
Gates, Jacquelyn Burch	Vice President, Diversity and Ethics	10/16/2000
Gates, Jacquelyn Burch	Compliance	8/1/2001
Gatewood, Leonard B.	Senior Vice President, Strategic Planning	1/1/1999
Hall, III, William Farrar	Senior Vice President, Energy Policy and Strategy	9/1/2001

AS ORIGINALLY FILED

Harwood, Joseph Edward	Vice President, State Governmental Affairs	2/1/2001
Hatley, Donald Edgar	Senior Vice President, Governmental Affairs	2/1/2001
Hauser, David Lee	Senior Vice President & Treasurer	6/17/1998
Hendricks, Jr., James Rhett	Vice President, Corporate Environment, Health & Safety	6/18/1997
Hicks, Jimmy Roland	Senior Vice President, Electric Transmission, Duke Power	8/1/2001
Hillhouse, Jr., Joe William	Vice President, Central Region (Duke Power)	6/18/1997
Holland, John Phillip	Vice President, Northern Region (Duke Power)	6/18/1997
Huddle, James Richard	Assistant Controller, Duke Power	4/25/2000
Land, Stanley Cawley	Vice President, Information Management Enterprise Services	1/1/2001
Lilien, Robert Sherwood	President, Duke Ventures	1/1/2001
Lomax, John Frank	Vice President, Business & Community Relations, SC (Duke Power)	6/18/1997
Love, Sherwood Lee	Assistant Treasurer - Cash Management	3/1/1989
Maner, David Huff	Vice President, Southern Region (Duke Power)	6/18/1997
Marshall, Beverly Kaye	Vice President, Federal Governmental Affairs	2/1/2001
McCollum, Jr., William Ralph	Vice President, Oconee Nuclear Site (Duke Power)	6/18/1997
McManeas, Jane Lawler	Assistant Controller, Duke Power	2/1/2001
Meyer, Sandra Palmer	Senior Vice President, Retail Services, Duke Power	8/1/2001
Mogg, Jim W.	Senior Vice President, Field Services	2/29/2000
Mullinax, A. R.	Senior Vice President	10/1/2001
Neal, Joshua Wilfred	Vice President, Electric Transmission (Duke Power)	6/1/2000
Newton, Paul Robert	Vice President and General Counsel	8/1/2001
Orr, Barbara Brocato	Vice President, Electric Distribution Process Operations (Duke Power)	6/18/1997
Osborne, Richard Jay	Chief Risk Officer	6/29/2000
Osborne, Richard Jay	Executive Vice President	6/18/1997
Padewer, Harvey J.	Group President, Energy Services	1/1/1999
Patton, Deborah Talbert	Vice President, Human Resources, Duke Power	7/1/2001
Peterson, Gary R.	Vice President, Catawba Nuclear Site (Duke Power)	6/18/1997
Priory, Richard Baldwin	President	11/16/1998
Priory, Richard Baldwin	Chairman of the Board & CEO	6/18/1997
Rolfe, Christopher Clay	Senior Vice President, Human Resources	1/1/2001
Ruff, Ellen Tart	Senior Vice President, Asset Management, Duke Power	8/1/2001
Shaw, Ruth Gwynn	Executive Vice President & Chief Administrative Officer	6/18/1997
Shrum, Carol Elaine	Vice President, Duke Power Planning & Finance	9/1/2001
Smith, Jr., Cecil Odell	Senior Vice President, Information Management	6/18/1997
Steele, III, Donald Howard	Vice President, Corporate Services	1/1/2001
Stephan, David Joseph	Vice President, Portfolio Management and Analytics	2/1/2001
Thacker, Jr., William Larkin	Senior Vice President, TEPPCO	2/29/2000
Triplette, C. Jeffery	Vice President, Insurance	1/1/1999

AS ORIGINALLY FILED

Tuckman, Michael Steven	Executive Vice President, Nuclear Generation	6/18/1997
Whitney, Sara (Sally) Sally	Vice President, Audit Services	6/1/2000
Williams, Richard Tyrone	Vice President, Business and Community Relations, NC (Duke Power)	6/18/1997
Wyrsh, Martha Brown	Senior Vice President and General Counsel	2/1/2001
Young, Steven Keith	Vice President, Rates & Regulatory Affairs (Duke Power)	4/16/1998
Cardone, Peter Joseph	Assistant Treasurer	3/1/2001
Graebner, Carol F.	Assistant Secretary	8/23/1999
Harrington, Sue Cochran	Assistant Secretary	4/26/1999
Lucas III, Robert Theodore	Assistant Secretary	6/18/1997
Marsh, Jr., Edward M.	Assistant Secretary	6/17/1998
Simpson, Phyllis Tucker	Assistant Secretary	6/18/1997
Blackburn, Richard Wallace	Secretary	6/17/1998

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**CLT Development
Corp. (CLTDEV)**

officer name

Officer	Title	Appointed
Byers, Fred A.	Vice President	
Fields, Arthur W.	Vice President	
Lillen, Robert Sherwood	President	
Mitchell, Charles S.	Vice President	4/23/2001
Raymond, Arthur P.	Vice President	
Schreiner, Stephen M.	Vice President	
Webb III, H. Thomas	Vice President	
Weinlein, Edward J.	Vice President	12/1/2001
DeShon, Susan	Assistant Secretary	12/1/2001
Lenaburg, Brenda M.	Assistant Secretary	5/14/2001
McCall, Randy F.	Assistant Secretary	6/1/2000
McGee, R. Wayne	Assistant Secretary	
Page, James L.	Assistant Secretary	6/1/1999
Sappenfield, Susan R.	Assistant Secretary	
Short, Jr., James M.	Assistant Secretary	
Lornax, Jr., Henry C.	Secretary	
McGee, R. Wayne	Treasurer	

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**DETMi Management,
Inc. (DETMIMI)**

officer name

Officer	Title	Appointed
Aschbacher, Terrence	Vice President	4/1/1998
Bailey, Brent C.	Vice President, General Counsel and Secretary	6/15/2000
Blandford, Richard A.	Vice President	6/15/2000
Donnell, James Marvin	President and Chief Executive Officer	6/15/2000
Gilbert, Mary V.	Senior Vice President, Chief Financial Officer and Treasurer	6/15/2000
Gilliland, Steven Fenton	Senior Vice President	6/15/2000
Howell, Robert L.	Executive Vice President	6/15/2000
Kinney, Jennings Bryant	Vice President	6/15/2000
Schaefer, Stephen J.	Vice President	6/15/2000
Sherrill, Richard M.	Senior Vice President	6/15/2000
Stokes, Jeffrey J.	Vice President	6/15/2000
Coblentz, Madeline A.	Assistant Secretary	6/15/2000
Fite, Beverly Jane	Assistant Secretary	6/15/2000
Jeter, Dwight E.	Assistant Treasurer	6/15/2000

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Duke Energy Global
Markets, Inc.
(DEGAD)**

officer name

Officer	Title	Appointed
Balley, Brent C.	Senior Vice President, General Counsel and Secretary	10/1/2001
Cappadonna, Veronica A.	Senior Vice President, Chief Financial Officer and Treasurer	10/1/2001
Green, Ronald Franklin	Vice President	10/1/2001
Kimner, Michael J.	Vice President	4/1/2001
McGee, Richard Kelly	Vice President	10/1/2001
Padewer, Harvey J.	Chairman of the Board	5/3/1999
Sutton, Michael A.	Assistant Treasurer and Assistant Secretary	10/1/1997
Williamson, Bruce A.	Chief Executive Officer	8/21/2001
Williamson, Bruce A.	President	10/1/1997
Witmer, Deborah	Vice President, Public Affairs	9/1/2001
Flynn, Cary Douglas	Assistant Treasurer	1/29/1998

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

Duke Ventures, LLC
(DVLLC)

officer name

Officer	Title	Appointed
Lillen, Robert Sherwood	President	10/15/2001
McGee, R. Wayne	Senior Vice President and Treasurer	12/11/2000
Fite, Beverly Jane	Assistant Secretary	12/11/2000
Page, James L.	Assistant Secretary	12/11/2000

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Duke Engineering &
Services, Inc. (DE&S)**

officer name

Officer	Title	Appointed
Abrams, Edgar B.	President and Chief Executive Officer	11/21/2001
Blackmon, Donald B.	Vice President, Power Delivery Services	1/26/2001
Bonsall, Richard W.	Executive Vice President	8/15/2000
Bowman, Jr., William J.	General Counsel	12/12/1986
Devine, John J.	Vice President	8/15/2000
Dillon, Lester R.	Vice President	8/15/2000
Fox, III, William A.	Vice President	8/15/2000
Grisak, Gerald E.	Vice President	8/15/2000
Guglielmino, Peter	Vice President	8/15/2000
Hamilton, B. H.	Vice President-Engineering Services	1/26/2001
Hart, J. Michael	Senior Vice President	8/15/2000
Holcombe, Robert K.	Vice President	8/15/2000
Mc Crow, E. O.	Vice President-Market Segment Operations Government and Municipal Market Sector	8/1/2001
McConnell, Tony L.	Vice President	8/15/2000
Novy, Josef	Vice President	8/15/2000
Priest, Johnny M.	Vice President	8/15/2000
Radini, Richard R.	Vice President	10/1/1997
Stevens, Thomas R.	Executive Vice President	8/15/2000
Thayer, Jay K.	Vice President	8/15/2000
Vargo, Jerry W.	Executive Vice President	8/15/2000
Weir, Thomas J.	Senior Vice President-Market Segment Operations Power Generation Market Sector	8/1/2001
Williams, Katherine C.	Senior Vice President	6/30/2001
Williams, Katherine C.	Chief Financial Officer (CFO)	6/30/2001
Bowman, Jr., William J.	Secretary	12/12/1986

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

MP Supply, Inc.
(MPSI)

officer name

Officer
Bost, Larry G.
Trepel, Jeffrey M.
Boyer, Jeffrey Lee

Title
President
Vice President and Secretary
Treasurer

Appointed
3/15/1999

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

Techtrol, Inc. (TI)

officer name

Officer	Title	Appointed
Gribble, Robert L.	President	6/20/1996
Gribble, Todd R.	Vice President	4/28/1998
Lee, Bryant J.	Vice President	12/10/1999
Torning, Anders K.	Assistant Secretary	12/10/1999

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Duke Water Systems,
Inc. (DWSI)**

officer name

Officer
Love, Sherwood Lee
Snow, J. Michael
Marsh, Jr., Edward M.

Title
Controller and Treasurer
President and Chief Executive Officer
Secretary

Appointed
4/24/1996
4/24/1996
11/24/1998

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Duke Communication
Services, Inc. (DCSI)**

officer name

Officer	Title	Appointed
Hicks, Jimmy Roland	CHAIRMAN	7/30/2001
Miller (Retired), James B.	Vice President	12/22/1998
Neal, Joshua Wilfred	President	6/1/2000
Gore, Ann C.	Assistant Secretary	10/19/2000
Williard, Sandra D.	Secretary	12/30/1998

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Duke Project
Services, Inc. (DPS)**

officer name

Officer	Title	Appointed
Barnes, L. R.	Senior Vice President	8/20/2001
Faulk [Fluor Employee], Jeffrey L.	President	9/4/2001
Hall, Robert E.	Vice President	6/23/1997
Marsh, Jr., Edward M.	Secretary and Assistant Treasurer	9/4/2001
McCraw, John	Treasurer and Assistant Secretary	9/4/2001
Priory, Richard Baldwin	Executive Vice President	6/23/1997

All officers may be reached at 422 South Church Street, Charlotta, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

DukeSolutions, Inc.
(DSI)

officer name

Officer	Title	Appointed
Ashlin, Paulette M.	Vice President, Corporate Resources	7/1/2000
DeManche, Joseph P.	Executive Vice President	3/9/2000
Lee, Bryant J.	Vice President	12/10/1999
Mahedy, A. Dennis	Chief Financial Officer and Treasurer	9/6/2000
Mendelow, David J.	President	11/8/2001
Menninger, John W.	Vice President	5/7/1998
O'Rourke, John E.	Vice President	3/9/2000
Tamblyn, B. Thomas	Vice President	3/3/1999
Tornling, Anders K.	Assistant Secretary	12/10/1999
Dello Iacono, Paul M.	Secretary	11/1/1999

All officers may be reached at 422 South Church Street, Charlotta, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Greenville Gas and
Electric Light and
Power Company
(GGELPC)**

officer name

Officer	Title	Appointed
Priory, Richard Baldwin	President	5/7/1998
Ruff, Ellen Tart	Vice President	5/7/1998
Harrington, Sue Cochran	Secretary	5/6/1999
Lillen, Robert Sherwood	Treasurer	5/7/1998

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Southern Power
Company (SPC)**

officer name

Officer	Title	Appointed
Priory, Richard Baldwin	President	5/7/1998
Ruff, Ellen Tart	Vice President	5/7/1998
Harrington, Sue Cochran	Secretary	5/6/1999
Ulien, Robert Sherwood	Treasurer	5/7/1998

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Western Carolina
Power Company
(WCPC)**

officer name

Officer	Title	Appointed
Priory, Richard Baldwin	President	5/7/1998
Ruff, Ellen Tart	Vice President	5/7/1998
Harrington, Sue Cochran	Secretary	5/6/1999
Lillen, Robert Sherwood	Treasurer	5/7/1998

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

**Wateree Power
Company (WPC)**

officer name

Officer	Title	Appointed
Priory, Richard Baldwin	President	5/7/1998
Ruff, Ellen Tart	Vice President	5/7/1998
Harrington, Sue Cochran	Secretary	5/6/1999
Lilien, Robert Sherwood	Treasurer	5/7/1998

All officers may be reached at 422 South Church Street, C

AS ORIGINALLY FILED

World Records Reporting
Officer's Report

DE&S Holdings, Inc.
(INTERA)

officer name

Officer	Title	Appointed
Bonsall, Richard W.	President	5/1/2001
Bowman, Jr., William J.	General Counsel	5/1/2001
Grisak, Gerald E.	Vice President	5/1/2001
Bowman, Jr., William J.	Secretary	8/31/1995

All officers may be reached at 422 South Church Street, Charlotte, NC

AS ORIGINALLY FILED

State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

FEBRUARY 12, 2002

DUKE ENERGY CORPORATION
PO BOX 1642
HOUSTON TX 77251-1642

SC File # 20090024-9

Dear Taxpayer:

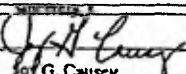
We wish to acknowledge receipt of your amended returns for tax years ending 1978-2001.

The refunds requested on these returns have been denied based on the following explanation.

Power companies are required to file using the weighted factor apportionment formula provided by SC Code Section 12-6-2250 rather than the gross receipts formula under Section 12-6-2290. (See instructions to Schedule H-2 - Gross Receipts, "If the principal profits or income of a taxpayer, other than a public service corporation and a utility and electric cooperative are derived from sources other than manufacturing... Examples of corporations subject to a gross receipts method of apportionment are construction contractors, service companies other than public service corporations and corporations primarily engaged in rental real estate activities.") It has been the Department of Revenue's long standing administrative practice to tax power companies as manufacturers as evidenced by the Income Tax Division Foreign - Corporate Training Manual which states, "A power company is considered to be a manufacturer and must use the three factor formula." The long standing administrative practices of an agency charged with enforcement of specialized statutes are not to be overturned in the absence of compelling reasons. *Multi-Cinema Ltd. v. South Carolina Tax Com'n*, 292 S.C. 411, 357 S.E.2d 6 (1987).

Additionally, a change to the gross receipts method constitutes a change in accounting method. Once a taxpayer adopts an accounting method, whether or not that method is proper, it can't be changed without proper consent. (See IRC Section 446 and SC Code Sections 12-6-40 and 12-6-50.) If you believe the statutory formula provided by Section 12-6-2250 does not fairly represent the extent of your business activities in South Carolina you may apply for an alternative apportionment method. SC Revenue Procedure #95-4 provides, "Written approval of the new method must be received prior to using the new method to determine income allocated or apportioned to South Carolina."

If you disagree with our findings you may file an appeal by completing the enclosed form, C-245. Please forward any correspondence regarding this matter to my attention.


J. G. Causey
Revenue Supervisor
(803)898-5705

PETITIONER'S
EXHIBIT

25

MORRISON & FOERSTER LLP

SAN FRANCISCO
LOS ANGELES
DENVER
PALO ALTO
WALNUT CREEK
SACRAMENTO
CENTURY CITY
ORANGE COUNTY
SAN DIEGO

ATTORNEYS AT LAW
1290 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10104-0050
TELEPHONE (212) 468-8000
TELEFACSIMILE (212) 468-7900

NEW YORK
WASHINGTON, D.C.
NORTHERN VIRGINIA
LONDON
BRUSSELS
BEIJING
HONG KONG
SINGAPORE
TOKYO

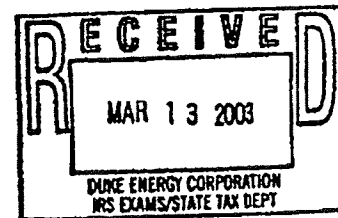
March 12, 2003

Writer's Direct Dial Number
(212) 468-8193

By Overnight Delivery

James Frederick Reames, Esq.
Nexsen Pruet Jacobs & Pollard, LLC
1441 Main Street
Suite 1500
Columbia, SC 29202-9732

Re: Duke Energy Corporation
Application for Appeal



Dear Rick:

As we discussed, enclosed are an original and two copies of the Application for Appeal (form C-245) concerning the denial of Duke's refund claims of South Carolina corporate income tax. Please have the original hand delivered to Ms. Joy Causey of the Department of Revenue and the copies date-stamped by the Department. Please have one of the date-stamped copies sent to me by overnight courier for my files and keep the second date-stamped copy for your files.

Best regards.

Sincerely,


Craig B. Fields

Enclosure

cc (w/ encl.):

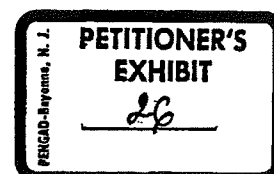
Harley H. Priesmeyer


Paul H. Frankel

William G. Newsome, III

ny-462386

5533



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
APPLICATION FOR APPEAL
(Protest Pursuant to Revenue Procedures Act)

C-245
(Rev. 9/26/00)
6177

Section I: Taxpayer Identification

Taxpayer Name (s) Duke Energy Corporation f/k/a Duke Power Company.
(Please type or print)
Address P.O. Box 1642
City Houston State Texas Zip Code 77251-1642
Telephone _____
Period (s) Covered Periods Ended 12/31/78 through 12/31/01
Type (s) of Tax (es) Corporate Income Tax
Identification Number (Social Security Number, License Number, etc.) 56-0205520

Section II: Department of Revenue Document to be Attached

Please attach a copy of the Department of Revenue document or notice you received which led to the filing of this protest.

Section III: Reason for Protest

State all the reasons you disagree, including a statement of facts supporting your position and the law or other authority upon which you rely. (If the amount of proposed assessment is less than \$2,500 you need not provide your legal authority unless you are a partnership, "S" corporation, an exempt organization or an employee plan and the proposed tax is imposed by Chapters 6, 11, or 13 of Title 12.) Add additional sheets if necessary.

See attached.

(over)

ATTACHMENT TO APPLICATION FOR APPEAL - FORM C-245

Duke Energy Corporation f/k/a Duke Power Company

File: 20090024-9

Corporate Income Tax

Taxable Periods Ending 12/31/1978 through 12/31/2001

Duke Energy Corporation ("Duke"), formerly known as Duke Power Company, files this Application for Appeal in response to the denial by the South Carolina Department of Revenue ("Department") of its refund claims for the taxable periods ending December 31, 1978 through December 31, 2001 ("Taxable Period") for corporate income tax in the amount of \$126,240,645.00, plus applicable interest. The Department's letter denying the refunds, dated February 12, 2003, is attached as Exhibit A. Copies of the Powers of Attorney that were previously provided to the Department and which authorize our representation of Duke are attached as Exhibit B.

I. Facts.¹

Duke is a multistate energy services corporation with operations in South Carolina. In December, 2002, Duke timely filed amended corporate income tax returns for the Taxable Period claiming refunds in the following amounts:

YEAR	REFUND - TAX	YEAR	REFUND - TAX	TOTAL
12/31/1978	\$ 2,133,065.00	12/31/1990	\$ 1,382,692.00	
12/31/1979	\$ 2,004,545.00	12/31/1991	\$ 2,973,641.00	
12/31/1980	\$ 712,254.00	12/31/1992	\$ 6,535,081.00	
12/31/1981	\$ 1,874,164.00	12/31/1993	\$ 8,342,858.00	
12/31/1982	\$ 1,681,780.00	12/31/1994	\$ 5,510,252.00	
12/31/1983	-	12/31/1995	\$ 6,344,512.00	
12/31/1984	\$ 11,689,532.00	12/31/1996	\$ 9,678,257.00	
12/31/1985	\$ 6,026,358.00	12/31/1997	\$ 5,169,951.00	
12/31/1986	\$ 4,968,971.00	12/31/1998	\$ 13,050,354.00	
12/31/1987	\$ 6,290,399.00	12/31/1999	\$ 13,013,930.00	
12/31/1988	\$ 4,504,902.00	12/31/2000	\$ 5,846,071.00	
12/31/1989	\$ 1,940,315.00	12/31/2001	\$ 4,566,761.00	\$ 126,240,645.00

¹ Unless indicated to the contrary, the facts refer to the Taxable Period.

II. Reasons for the Appeal.

Duke objects to the following determinations of the Department:³

1. The denial of Duke's employment of the single-factor gross receipts apportionment formula even though Duke did not satisfy the requirements for filing using the three-factor apportionment formula under Section 12-6-2250 or any apportionment formula under Section 12-6-2310.
2. The exclusion of Duke's gross receipts from the sales of the short-term financial instruments from the denominator of Duke's gross receipts factor, notwithstanding that such gross receipts are required to be so included.
3. The improper allocation of income and expense for Crescent Resources Corporation.
4. All other adverse determinations that resulted in the denial of the refund claims.

A. Single-Factor Gross Receipts Formula.

Duke is required to compute its South Carolina corporate income tax liability using a single-factor gross receipts formula to apportion its income. Pursuant to Section 12-6-2290, if the taxpayer does not derive its principal profits in the manner described in Sections 12-6-2250 or 12-6-2310, the taxpayer must apportion its income utilizing the single-factor gross receipts formula. Duke's business is not among those enumerated in Section 12-6-2310, and it does not satisfy the requirements of

³ The Department's letter denying the refunds provides an explanation of its reasoning for only the issue concerning the use of a single-factor apportionment formula. To the extent the Department is in agreement with the remaining issues, it is requested that a refund for those issues be provided to Duke.

In its letter denying Duke's refund claims, the Department states that its policy on applying the three-factor apportionment formula to power companies as manufacturers should be upheld because it has allegedly been applied for a long period of time. "Such administrative construction however affords no basis for the perpetuation of a patently erroneous application of the statute." Monroe v. Livingston, 251 S.C. 214, 217, 161 S.E.2d 243, 244 (1968).

In addition, Duke's filing of amended returns utilizing the single-factor gross receipts apportionment formula does not constitute a change in accounting method that requires the consent of the Department. In the first place, an apportionment formula is not an accounting method. See Section 12-6-4420 (providing that "[a] taxpayer's method of accounting . . . must be the same as for federal income tax purposes" and apportionment formulas are not accounting methods for federal income tax purposes).

Moreover, Internal Revenue Code Section 446 addresses methods of accounting used in computing taxable income. Under the South Carolina Code, the apportionment methodology is applied after taxable income has been determined. Therefore, the utilization of a statutorily mandated apportionment method after taxable income has been computed is not a change in accounting method as provided for in Internal Revenue Code Section 446.

B. Computation of the Gross Receipts Factor.

Duke's receipts from the sale of financial instruments are properly included in the denominator of the gross receipts factor for the Taxable Period.

First, Duke's receipts from the sale of the financial instruments are business receipts that must be apportioned and not allocated. South Carolina law allocates

Carolina. Therefore, the gross receipts from the sale of the financial instruments should be included in the denominator, and not the numerator, of the gross receipts formula.

Finally, the denominator of the gross receipts factor includes all receipts from the sale of the financial instruments. The term "gross" is defined, in relevant part, as: "[b]efore or without diminution or deduction. Whole; entire; total; as the gross sum, amount, weight -- opposed to net." Black's Law Dictionary 702 (6th ed. 1990) ("Black's"). The term "receipt" is defined, in relevant part, as "[t]hat which comes in, in distinction from what is expended, paid out, sent away, and the like." Id. at 1268. Given these clear definitions of the controlling language at issue, the amounts received from the sale of the financial instruments constitute gross receipts.

In the alternative, if it is ultimately determined that the three-factor apportionment formula should be used, the gross receipts from the sale of the financial instruments should be included in the denominator, and not the numerator, of Duke's sales factor. Section 12-6-2280(A) provides that the sales factor is comprised of "total sales." Such sales include "sales of intangible personal property and receipts" based on "the entire income-producing activity." Section 12-6-2280(C)(2). As discussed above, all of the income-producing activity for Duke's purchases and sales of the financial instruments occurred outside of South Carolina. Therefore, the gross receipts from the sales must be included in the denominator, and not in the numerator, of the sales factor.

The amount that should be included in the denominator of Duke's sales factor should be the gross receipts from the sale of the financial instruments. The sales factor includes "total sales." Section 12-6-2280(A). "Total" is defined as "[w]hole, not divided, lacking no part, entire, full, complete, the whole amount." Black's at 1490.

III. Conclusion.

The Department erred by: (1) not allowing Duke to employ the single-factor gross receipts formula in computing its corporate income tax liability; (2) not allowing Duke to include the gross receipts from the sale of financial instruments in the denominator of the gross receipts factor; (3) not allowing the proper allocation of income and expenses for Crescent Resources Corporation; and (4) denying the refunds claimed in Duke's amended returns for the Taxable Period.

Duke reserves the right to present further information and raise further arguments concerning its appeal of the Department's denial of its refund claims at or prior to the conference on this matter.

Based on the foregoing, Duke respectfully requests a redetermination of the amended returns and that a refund be issued in the amount of \$126,240,645.00, plus applicable interest.

State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

FEBRUARY 12, 2002

DUKE ENERGY CORPORATION
PO BOX 1642
HOUSTON TX 77251-1642

SC File # 20090024-9

Dear Taxpayer:

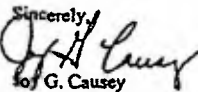
We wish to acknowledge receipt of your amended returns for tax years ending 1978 - 2001.

The refunds requested on these returns have been denied based on the following explanation.

Power companies are required to file using the weighted factor apportionment formula provided by SC Code Section 12-6-2250 rather than the gross receipts formula under Section 12-6-2290. (See instructions to Schedule H-2 - Gross Receipts, "If the principal profits or income of a taxpayer, other than a public service corporation and a utility and electric cooperative are derived from sources other than manufacturing... Examples of corporations subject to a gross receipts method of apportionment are construction contractors, service companies other than public service corporations and corporations primarily engaged in rental real estate activities.") It has been the Department of Revenue's long standing administrative practice to tax power companies as manufacturers as evidenced by the *Income Tax Division Foreign - Corporate Training Manual* which states, "A power company is considered to be a manufacturer and must use the three factor formula." The longstanding administrative practices of an agency charged with enforcement of specialized statutes are not to be overturned in the absence of compelling reasons. *Multi-Cinema Ltd. v. South Carolina Tax Com'n*, 292 S.C. 411, 357 S.E.2d 6 (1987).

Additionally, a change to the gross receipts method constitutes a change in accounting method. Once a taxpayer adopts an accounting method, whether or not that method is proper, it can't be changed without proper consent. (See IRC Section 446 and SC Code Sections 12-6-40 and 12-6-50.) If you believe the statutory formula provided by Section 12-6-2250 does not fairly represent the extent of your business activities in South Carolina you may apply for an alternative apportionment method. SC Revenue Procedure #95-4 provides, "Written approval of the new method must be received prior to using the new method to determine income allocated or apportioned to South Carolina."

If you disagree with our findings you may file an appeal by completing the enclosed form, C-245. Please forward any correspondence regarding this matter to my attention.

Sincerely,

G. Causey
Revenue Supervisor
(803)898-5705

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**POWER OF ATTORNEY AND
DECLARATION OF REPRESENTATIVE**

SC2848

(Rev. 7/5/02)
3307

Part I Power of Attorney

1 Taxpayer Information (Note: Taxpayer(s) must sign and date this form on page 2, line 8.)

Taxpayer name(s) and address (Please type or print.) DUKE ENERGY CORPORATION (FORMERLY DUKE POWER COMPANY) MAIL CODE PB05B CHARLOTTE, NC 28201-1244	Social Security number(s)	Employer identification number
		56-0205520
	Daytime telephone number (713) 989-3285	Plan number (if applicable)

hereby appoint(s) the following representative(s) as attorney(s) - in fact:

2 Representative(s) (Please type or print.)

Name and address Paul H. Frankel Morrison & Foerster, LLP 1290 Avenue of the Americas New York, NY 10104	Telephone No. (212) 468-8000 Fax No. (212) 468-7900 Check if new: Address ☐ Telephone No. ☐
Name and address Craig B. Fields Morrison & Foerster, LLP 1290 Avenue of the Americas New York, NY 10104	Telephone No. (212) 468-8000 Fax No. (212) 468-7900 Check if new: Address ☐ Telephone No. ☐
Name and address	Telephone No. _____ Fax No. _____ Check if new: Address ☐ Telephone No. ☐

to represent the taxpayer(s) before the SC Department of Revenue for the following tax matters:

3 Tax Matters - A general reference to "All years," "All periods," or "All taxes" is not acceptable.

Type of Tax (Income, Withholding, Sales, etc.)	Tax Form Number (SC1040, WH1605, ST-3, etc.)	Year(s) or Period(s)
Income	SC 1120	1978 through 2002
License	SC 1120	1978 through 2002

4 Acts Authorized. - The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described in line 3, including the authority to sign any agreements, consents or other documents. The authority does not include the power to receive refund checks or the power to sign certain returns unless done pursuant to a licensed attorney/client relationship. If I want to authorize my representative to sign an income tax return, this authorization is specifically listed below.

List any specific additions to or deletions from the acts otherwise authorized in this power of attorney: _____

5 Receipt of Refund Checks. - If you want to authorize a representative named in line 2 to receive, BUT NOT TO ENDORSE OR CASH refund checks, initial here _____ and list the name of that representative below.

Name of representative to receive refund check(s) ► _____

517 SC2848WF.1

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**POWER OF ATTORNEY AND
DECLARATION OF REPRESENTATIVE**

SC2848

(Rev. 7/5/02)
3307

Part I Power of Attorney

1 Taxpayer Information (Note: Taxpayer(s) must sign and date this form on page 2, line 8.)

Taxpayer name(s) and address (Please type or print.) DUKE ENERGY CORPORATION (FORMERLY DUKE POWER COMPANY) MAIL CODE PB05B CHARLOTTE, NC 28201-1244	Social Security number(s)	Employer identification number
		56-0205520
	Daytime telephone number (713) 989-3285	Plan number (if applicable)

hereby appoint(s) the following representative(s) as attorney(s) - In fact:

2 Representative(s) (Please type or print.)

Name and address William G. Newsome, III Nexsen, Pruet, Jacobs & Pollard, LLC Post Office Drawer 2426 Columbia, SC 29202	Telephone No. (803) 771-8900 Fax No. (803) 253-8277 Check if new: Address ☐ Telephone No. ☐
Name and address James Frederick Reames, III Nexsen, Pruet, Jacobs & Pollard, LLC Post Office Drawer 2426 Columbia, SC 29202	Telephone No. (803) 771-8900 Fax No. (803) 253-8277 Check if new: Address ☐ Telephone No. ☐
Name and address	Telephone No. _____ Fax No. _____ Check if new: Address ☐ Telephone No. ☐

to represent the taxpayer(s) before the SC Department of Revenue for the following tax matters:

3 Tax Matters - A general reference to "All years," "All periods," or "All taxes" is not acceptable.

Type of Tax (Income, Withholding, Sales, etc.)	Tax Form Number (SC1040, WH1605, ST-3, etc.)	Year(s) or Period(s)
Income	SC 1120	1978 through 2002
License	SC 1120	1978 through 2002

- 4 Acts Authorized.** - The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described in line 3, including the authority to sign any agreements, consents or other documents. The authority does not include the power to receive refund checks or the power to sign certain returns unless done pursuant to a licensed attorney/client relationship. If I want to authorize my representative to sign an income tax return, this authorization is specifically listed below.

List any specific additions to or deletions from the acts otherwise authorized in this power of attorney: _____

- 5 Receipt of Refund Checks.** - If you want to authorize a representative named in line 2 to receive, BUT NOT TO ENDORSE OR CASH refund checks, initial here _____ and list the name of that representative below.

Name of representative to receive refund check(s) ► _____

STF SC20449F.1

State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

April 30, 2003

Craig B. Fields
Morrison & Foerster, LLP
1290 Avenue of the Americas
New York, NY 10104

RE: Duke Energy Corporation
SC 1120
1978 through 2002

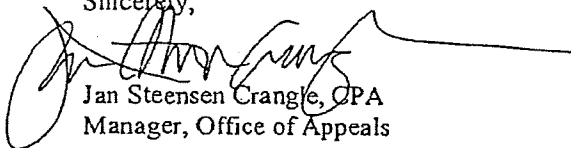
Dear Mr. Fields:

Your correspondence of March 12, 2003, appealing the Department of Revenue's findings on the above referenced matter has been forwarded to this office.

As part of our review, we have asked the auditor to confirm the amounts reflected on the amended returns. Randy Wilson has contacted Duke to schedule an appointment at a mutually convenient time.

Should you have any questions, please do not hesitate to contact me.

Sincerely,


Jan Steensen Crangle, CPA
Manager, Office of Appeals



FCS_Tax

Welcome Monroe, Cooper ▾ | My Links ▾



FCS_Tax

FCS

Advanced Search

FCS_Tax > SAT: Field Work > HAR030218-095708

SAT: Field Work: HAR030218-095708

New Item | Edit Item | Delete Item | Alert Me

SAT Field Work ID	HAR030218-095708
Related Audit	HAR030218-095708
Firm/Tentative	Firm
Start Date	12/1/2003
End Date	12/5/2003
Duration	5 days
Start Date (Notes)	12/1/2003 12:00:00 AM
End Date (Notes)	12/5/2003 12:00:00 AM
Duration (Notes)	5
Confirmation Letter	No
Scheduled By (Notes)	Pat Hopson
Comments	1st phase of audit took place in Charlotte on 7/28-8/01. Second phase will move to Houston. on 12/01-05/03 Amended returns were filed to include short term investments at gross amount as well as switch from 3 factor formula to 1 factor formula.
Schedule (Notes)	
AuditUniqueID	19de0f65b013639086256cd20014a222
UNID	19de0f65b013639086256cd20014a222

Created at 2/18/2003 10:45 PM by Alexander, Kevin
Last modified at 3/15/2010 4:19 PM by Alexander, Kevin



 **FCS_Tax**

FCS

 Advanced Search

FCS_Tax > State Audit Tracker > HAR030218-095708

State Audit Tracker : HAR030218-095708 New Item |  Edit Item |  Delete Item | Alert Me**Audit Details**

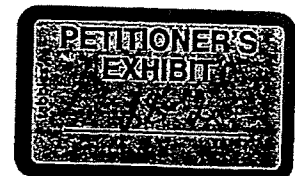
Audit Number: HAR030218-095708
Company: DUKE ENERGY CORPORATION
Company (Notes): Duke Energy Corporation
Type of Tax: State Income Tax
Jurisdiction: State
Jurisdiction State: South Carolina
Jurisdiction County/Parish: N/A
Jurisdiction Other: N/A
Tax Period: Between 1/1/1978 12:00 AM and 12/31/2001 12:00 AM
Audit Status: In Progress
Coordinator:
Coordinator (Notes): Pat Hopson
Support (Internal):
Support (External):
Support (Notes): Harley H Priesmeyer
Audit Number (Notes):

Audit Initiation

Initial Contact:
Initial Contact Date: 2/18/2003 12:00 AM
Primary Auditor Contact: Wilson, Randy
Additional Auditor Contacts: Jones, Terry
Auditor Comments:

Audit Closure Details

Closure Date:
Post Audit Conference:



State of South Carolina
Department of Revenue
Office of General Counsel for Litigation
301 Gervais Street, P.O. Box 12265, Columbia, South Carolina 29211
Telephone (803) 898-3130 Telecopier (803) 898-5147

February 4, 2010

Burnet R. Maybank, III, Esquire
James F. Reames, III, Esquire
Nexsen Pruet, LLC
PO Drawer 2426
Columbia, SC 29202

Re: Department Determination
Duke Energy Corporation

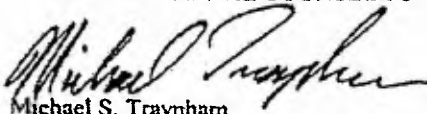
Dear Messrs. Maybank and Reames:

Enclosed is the South Carolina Department of Revenue's Determination in the above-referenced matter. If you disagree with the Determination, you may request a contested case hearing before an Administrative Law Judge. If you choose to pursue such remedy, you must do so within 30 days of the date of this letter. If you fail to respond within this time limitation, you will lose your right to appeal the Department Determination and your protest will be ended. Should you desire a contested case hearing, you must complete the enclosed request form and mail it, along with a \$100 filing fee, to the Administrative Law Court at the address stated on the form's instruction sheet.

The Administrative Law Court rules require that you also send me a copy of your request. My address is as follows: PO Box 12265, Columbia, SC 29211.

Yours truly,

OFFICE OF GENERAL COUNSEL FOR LITIGATION


Michael S. Traynham
Counsel for Litigation

MST:lhc
Enclosures



DES00000761

DEPARTMENT DETERMINATION

Taxpayer:

Duke Energy Corporation
PO Box 1642
Houston, TX 77251-1642

Periods Involved:

Corporate Income Tax Years 1978 through 2001

Matters in Dispute:

1. Is the taxpayer entitled to utilize a single gross receipts factor apportionment formula in the calculation of its South Carolina corporate income tax?
2. Is the taxpayer entitled to include return of principal from the sale of short-term financial instruments in the denominator of its gross receipts factor?
3. Is the taxpayer's claim for refund timely?

Refund amount at issue:

Duke Income Tax:	\$125,142,447.
Crescent Income Tax:	<u>1,098,198.</u>
Total:	\$126,240,645.*

*Total is exclusive of interest. Any refund owed would be subject to a statutory interest rate pursuant to S.C. Code Ann. § 12-54-25 (Supp. 2008)

Determinations:

1. The taxpayer is not entitled to utilize a single-factor formula for apportioning its taxable income.
2. The taxpayer may not include its return of principal from the sale of short-term investments in calculating its gross receipts factor.
3. The taxpayer's claim for refund is untimely for some of the periods in question.

Relevant Facts:

1. Duke Energy Corporation (Duke or taxpayer), formerly known as Duke Power Company, is a multi-state power provider with operations in South Carolina.

DES00000762

2. In December 2002, Duke filed amended South Carolina corporate income tax returns for income tax years 1978 through 2001 requesting a substantial refund.
3. The taxpayer relied on waivers of the statutory time limit for filing amended returns (taxpayer's claim for refund). These waivers were provided by an employee of the Department of Revenue (Department) due to ongoing audit issues. The first of these waivers was issued on August 16, 1988.
4. The taxpayer raised three primary arguments in support of its claim for refund: (A) the taxpayer is not required to calculate its income tax on a three-factor formula pursuant to S.C. Code Ann. § 12-6-2250 (2008); (B) the taxpayer is entitled to include sales of short-term investments in the denominator of its gross receipts factor; and (C) the income and expense of Crescent Resource Corporation was not properly allocated in the original return.
5. The Department denied the requested refunds by letter dated February 12, 2003.
6. The taxpayer filed a timely protest of this denial by letter dated March 12, 2003.

Analysis:

1. The taxpayer is not entitled to use a single-factor gross receipts formula.

Pursuant to S.C. Code Ann. § 12-6-2290 (Supp. 2008), "[i]f the principal profits or income of a taxpayer are derived from sources other than those described in Section 12-6-2250 or Section 12-6-2310,"¹ the taxpayer must utilize a single factor apportionment ratio (gross receipts formula). The taxpayer argues it is entitled to utilize this formula because it is not a taxpayer described in either of the other code sections referenced by § 12-6-2290.

Section 12-6-2250(A) provides as follows:

A taxpayer whose principal business in this State is (i) manufacturing or a form of collecting, buying, assembling, or processing goods and materials within this State, or (ii) selling, distributing, or dealing in tangible personal property within this State, shall make returns and pay annually an income tax that includes its income apportioned to this State. Its income apportioned to this State is determined by multiplying the net income remaining after allocation pursuant to Sections 12-6-2220 and 12-6-2230 by a fraction, the numerator of which is the property ratio, plus the payroll ratio, plus twice the sales

¹S.C. Code Ann. § 12-6-2310 (2000) is not relevant to the facts of this case.

ratio, and the denominator of which is four. However, where the sales ratio does not exist, the denominator of the fraction is the number of existing ratios, and where the sales ratio exists but the payroll ratio or the property ratio does not exist, the denominator of the fraction is the number of existing ratios plus one. The property, payroll, and sales ratios must be determined in accordance with Sections 12-6-2260, 12-6-2270, and 12-6-2280, respectively.

(Emphasis added). The taxpayer's contention that it is not described by § 12-6-2250 is incorrect. The taxpayer is a manufacturer within the meaning of the statute, and must apportion its income according to the prescribed three-factor formula.² It has long been held in South Carolina that "a company engaged in the business of generating electricity is a 'manufacturer within the meaning of a Statute imposing a tax upon a 'corporation engaged in the business of manufacturing.'" Duke Power Co. v. Bell, 156 S.C. 299, 152 S.E. 865, 868 (1930). South Carolina is hardly alone in this assessment. See, e.g., Hetherington v. Camp Bird Co., 202 P. 1087, 1088, (Colo. 1922); Curry v. Alabama Power Co., 8 So.2d 521 (Ala. 1942); Minn. Power & Light Co. v. Pers. Prop. Tax. Taxing Dist. City of Fraser, Sch. Dist. No. 695, 182 N.W.2d 685, 691 (Minn. 1970). The taxpayer's statements to the public are replete with references to its power generating assets, and its focus on generating power more efficiently. See, e.g., Duke Energy 2008 Summary Annual Report. Put plainly, South Carolina law has long recognized that electricity is something that must be "manufactured" within the meaning of our tax laws, and the generating entity – the taxpayer, in this instance – is the electricity manufacturer. The taxpayer's argument that it is entitled to use a single-factor formula must be rejected.

II. The taxpayer is not entitled to include gross receipts from the sale of short-term investments in calculating its gross receipts or sales factor.

If the Department is correct, and the taxpayer must use the three-factor formula provided by § 12-6-2250, there remains the issue of how it must then calculate its apportionment ratio. The taxpayer argues that it may include all proceeds from short-term investments, including the return of principal, in the denominator of its gross receipts ratio. This argument would apply to the sales factor of the three-factor formula as well. In calculating the sales factor, S.C. Code Ann. § 12-6-2280 (2000) provides that:

(A) The sales factor is a fraction in which the numerator is the total sales of the taxpayer in this State during the

²Moreover, the taxpayer's contention that it does not sell tangible personal property should also fail. "Tangible personal property" is specifically defined to include "services [such as] sales of electricity." S.C. Code Ann. § 12-36-60 (2000). Thus, while the taxpayer is correct that it provides a service, its service is statutorily defined as tangible personal property.

taxable year and the denominator is the total sales of the taxpayer everywhere during the taxable year.

(B) The term "sales in this State" includes sales of goods, merchandise, or property received by a purchaser in this State other than the United States Government. The place where goods are received by the purchaser after all transportation is completed is considered the place at which the goods are received by the purchaser. Direct delivery into this State by the taxpayer to a person designated by a purchaser constitutes delivery to the purchaser in this State.

(C) The word "sales" includes, but is not limited to:

(1) rentals from tangible personal property located in this State which are not separately allocated; and

(2) sales of intangible personal property and receipts from services if the entire income producing activity is within this State. If the income-producing activity is performed partly within and partly without this State, sales are attributable to this State to the extent the income-producing activity is performed within this State.

Based on the calculation of the sales factor, the higher the denominator (total sales from everywhere) results in a lower sales factor which, in turn, results in less income tax owed the state.

The taxpayer has diluted its sales factor by including in its denominator (total sales from everywhere) the return of principal from its short-term investments. As part of its treasury and cash management program, the taxpayer invested in short-term investments for which it received a gain on the investments plus the return of principal. In so doing, taxpayer properly included the interest and gains related to the return from these investments in the denominator of the sales factor. However, by also including the return of principal in the denominator of its sales ratio, the ratio is diluted.

The following language was added to this section effective for tax years beginning after 2006:¹

¹Subsection (c) was also rewritten to discuss sales made to the United States Government.

(D) For purposes of this section, items included in sales are as provided in Section 12-6-2295. Section 12-6-2295 provides in part:

(B) The terms "sales" as used in Section 12-6-2280 and "gross receipts" as used in Section 12-6-2290 do not include:

(1) repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of deposit or similar marketable instrument;

While the statute did not directly speak to the issue prior to 2006, the Department had implemented the long standing administrative practice to include only the net proceeds from investment activities. Income Tax Decision I-D-309 (June 30, 1982) addressed the issue and concluded:

The commission has included royalties and sales of business connected tangible and intangible property in the sales factor. However, sales of tangible and intangible business-connected property have been included only to the extent that the sale resulted in a gain. To include the gross sales price tends to distort the sales factor. Thus, through prudent administrative practice, this procedure has been developed.

All that is required of an apportionment formula is that is [sic] provide a reasonable approximation, Covington Fabrics v. South Carolina Tax Commission, 264 S.C. 59, 212 S.E.2d 574 (1975). The Income Tax Division's computation provides a reasonable basis for apportioning income and is thus valid . . .

Again in 1988 in Income Tax Decision I-D-88-11, the practice was reaffirmed. The taxpayer in that matter sought to include the entire proceeds from the sale of foreign exchange contracts. The finding concluded:

The Division has included in the denominator of the sales factor gain resulting from the disposition of the exchange contracts. We find such to be proper. This position has been the practice of the Tax Commission since 1977 and is a longstanding administrative position. Such should not be overturned unless cogent reasons for doing so are found. Emerson Electric Co. v. Wasson, 287 S.C. 394, 339 S.E.2d 118 (1986). We find no cogent reasons to change the practice. It must be noted that the apportionment formula

need not be an exact measure of the taxpayer's business activity but rather must only provide a reasonable approximation. Covington Fabrics v. South Carolina Tax Commission, 264 S.C. 59, 212 S.E.2d 574 (1975). Here inclusion of the gain from the foreign exchange contracts provides a reasonable apportionment approach.

Perhaps the leading case addressing this issue is American Telephone and Telegraph Company v. Director, Division of Taxation, 476 A.2d 800 (1984), cert. denied, 97 NJ 627, 483 A.2d 157 (1984) (AT&T). In AT&T, the court was concerned with the proper treatment of revenues received by AT&T from "investments made with its idle cash" under the New Jersey receipts fraction for its apportionment formula.⁴ The New Jersey receipts fraction divides "New Jersey related receipts from sales, services, etc." by the "total receipts of taxpayer from sales, services, etc." AT&T argued that all revenues from its sale of short-term investments, including returns of principal, should be included in the sale of its short-term obligations, in the receipts fraction.⁵ The court concluded that the term "receipts" for apportionment purposes was limited to the net gain from the sale or redemption of investment paper stating:

We uphold, as a general matter the exclusion of gross revenues received by plaintiff from the sale or maturity of investment paper. As Judge Crabtree observed, idle cash can be turned over repeatedly by investment in short term securities. It is no true reflection of the scope of AT&T's business done within and without New Jersey to allocate to the numerator or the denominator of the receipts fraction the full amount of money returned to AT&T upon the sale or redemption of investment paper. To include such receipts in the fraction would be comparable to measuring business activity by the amount of money that a taxpayer repeatedly deposited and withdrew from its own bank account. The bulk of funds flowing back to AT&T from investment paper was simply its own money. Whatever other justification there is for excluding such revenues from the receipts fraction, it is sufficient to say that to do otherwise produces an absurd interpretation of § 6(B). "It is axiomatic that a statute will not be construed to lead to

⁴The court gave the following explanation of "idle cash": "AT&T maintained a pool of funds which it received primarily as dividends from its subsidiary corporations and from the sale of stock and debt obligations. Money not needed for immediate business use was placed in certificates of deposit or invested in short term obligations of various types."

⁵The New Jersey Division of Taxation took the position that only interest owed on the investments should be included in the receipts fraction.

absurd results. All rules of construction are subordinate to that obvious proposition. [Even the rule of strict construction] does not mean that a ridiculous result shall be reached because some ingenious path may be found to that end," State v. Provenzano, 34 N.J. 318, 322, 169 A.2d 135 (1961).

Of particular significance is the AT&T court's observation that including the full amount of money returned on the sale of short-term investments without the exclusion of principal would be comparable to "measuring business activity by the amount of money that a taxpayer repeatedly deposited and withdrew from its own bank account." Given that a return of principal on an investment is simply a return of the taxpayer's own money, to allow a taxpayer to recognize the return of principal in the gross receipts factor creates the anomaly that the taxpayer is being allowed to reduce its state taxable income not because of a decrease in business activity in the state but because of the amount of its own money the taxpayer has turned over during the tax period. See also, Sherwin-Williams Company v. Indiana Department of State Revenue, 673 N.E.2d 849 (1996) ("[T]his Court holds that 'gross receipts' for the purposes of the sales factor includes only interest income, and not the rolled over capital or return of principal, realized for the sale of investment securities.").

In Walgreen Arizona Drug Company v. Arizona Department of Revenue, 97 P.3d 896 (2004), the Arizona Court of Appeals cited with favor the opinion of an Arizona Tax Court, which had ruled that the return of principal on short-term investments did not qualify as gross receipts for the state's sales factor:

[D]aily revenue from Walgreen's sales would be considered gross receipts when received. Any excess revenue after payment of debt or other disbursements remains a part of those gross receipts and should be counted as such. However, once that excess revenue is invested in securities or other interest bearing mediums, it loses its characterization as gross receipts and may not be counted a second time as gross receipts simply because the money was withdrawn from an investment in a marketable security or interest bearing account. This is akin to someone taking the \$100 left from their [sic] weekly paycheck[,] which is considered income when it was received, depositing it into an interest bearing account[,] then withdrawing the \$100 one month later and claiming it as income a second time. That \$100 is not income.

In affirming the ruling of the tax court, the Walgreen court, quoting extensively from the N.J. AT&T case, held that "the return of principal from the type of short-term

investments at issue here is not includable in the sales factor denominator calculated pursuant to A.R.S. Section 43-1145." Walgreen, 97 P.3d at 902.⁶

The taxpayer has argued that the term "sales" includes "sales of intangible personal property . . ." and, thus, would include the proceeds from the sale of short-term investments. However, when the effect of including the return on principal in the gross receipts factor is considered, there is room to go beyond the language. In Kiriakides v. United Artists Communications, Inc., 312 S.C. 271, 440 S.E.2d 364 (1994), the Supreme Court commented thusly on the strict construction of statutes:

However plain the ordinary meaning of the words used in a statute may be, the courts will reject that meaning when to accept it would lead to a result so plainly absurd that it could not possibly have been intended by the Legislature or would defeat the plain legislative intention . . . If possible, the court will construe the statute so as to escape the absurdity and carry the intention into effect.

Based upon the reasoning employed by the New Jersey AT&T and Walgreen courts and the Department's longstanding administrative practice, a taxpayer's return of principal should not be included in the sales factor. Inasmuch as the principal "sales" at issue here are nothing more than an exchange of the taxpayer's own money, they have no substance other than to artificially inflate the denominator of the gross receipts formula, which in turn serves to decrease South Carolina income tax owed. To allow the return on principal to be included in the sales factor, when to do so lessens the South Carolina income subject to tax, and as a consequence unreasonably represents the amount of business done in South Carolina, is plainly absurd as contemplated by the Kiriakides court.⁷ Thus, the return of principal is not properly includable in calculating the taxpayer's South Carolina sales factor.⁸

⁶The Walgreen court also cited a regulation promulgated by the Multi-State Tax Commission (MTVC), which defines "gross receipts" to exclude the return of principal on short-term investments. Walgreen, 97 P.3 at 901. See MTC Reg. IV.2(a)(5).

⁷Even in those several cases wherein the deciding court has found that the return of principal is included in "sales" or "gross receipts", those courts have determined that the use of an alternative apportionment formula is appropriate in order to fairly represent the extent of the taxpayer's business within that state. Thus, the return on principal was ultimately excluded from the sales or gross receipts under an alternative apportionment methodology.

⁸In the alternative, the Department could argue that the return of principal should be excluded from the sales factor based on an alternative apportionment formula found in § 12-21-2320(A) as this would more fairly represent the taxpayer's business in South

III. Timeliness of the taxpayer's claim for refund.

A. The waivers provided to the taxpayer are not intended to extend the time for filing a claim for refund.

The taxpayer's refund claim extends over a period of more than 20 years, from 1978 to 2001. In support of its claim, the taxpayer provided numerous copies of waivers provided by a Department employee periodically during that period. These waivers are titled "Consent to Extend the Time to Assess Tax." The language of the waivers state that the agreement "extends the time for mailing the notice of assessment or refund of the above tax pursuant to the provisions of [the South Carolina Code]." The waivers cite different code provisions depending on when they were issued, but all cited code provisions refer to the Department authority, with a taxpayer's consent, to extend the time for assessing a tax. See S.C. Code Ann. § 12-54-85(C)(4) (Supp. 2008). The waivers are not intended to extend the time in which a taxpayer can file a claim for refund. If the Department's examination of a taxpayer reveals that a refund is due, it will be paid, but nothing in the waiver itself grants the taxpayer an extension of time to file a refund claim. Thus, the taxpayer is still constrained by the time limitations for filing a refund contained in § 12-54-85(F), discussed more fully below. Thus, the only years for which the taxpayer's refund claim is timely are 2001, 2000, and 1999.

B. The Department had no authority to extend the time for filing a refund claim before the passage of the Revenue Procedures Act in 1995.

South Carolina law prescribes strict time limitations on the filing of a claim for refund. "Except [in cases involving Internal Revenue Service adjustments,] claims for credit or refund must be filed within three years from the time the return was filed, or two years from the date the tax was paid, whichever is later." Section 12-54-85(F)(1). The General Assembly granted the Department the authority to "extend time limitations provided by [Title 12]" with the passage of the Revenue Procedures Act (RPA) in 1995. S.C. Code Ann. § 12-60-40 (Supp. 2008). Prior to the passage of the RPA, the Department had no statutory authority to extend the time for a taxpayer to claim a refund — only the authority to extend the time for assessing a tax. See, e.g., S.C. Code Ann. § 12-54-80 (Supp. 1988).

Since the Department had no authority to extend the period for filing a refund until 1995, those periods which expired prior to that time could not have been extended by the Department even if the waivers operate as the taxpayer claims. Thus, regardless of what was intended by the Department's waivers, the taxpayer's refund claims for years prior to 1992 cannot be considered timely by the Department.

Carolina. This is the approach that some state courts have taken upon declining to rule that gross receipts do not include the return on short-term investments.

C. The Department cannot extend a filing period which has already expired.

Even if the waivers operate as the taxpayer believes, and the Department's authority to extend the time to assess tax permits it to also extend the time for the filing of a claim for refund by a taxpayer, the Department cannot extend a time period which has already expired. Extensions may only occur, with the taxpayer's consent, only within the period the Department is statutorily authorized to assess tax. See § 12-54-85(C)(4); see also § 12-54-80. The earliest waiver produced by the taxpayer was issued in August of 1988. That waiver could only extend the period for assessing taxes for any period still open under the three year statute of limitations.⁹ Thus, the Department could not extend the time for assessing tax years 1978 through 1983. As a result, the claim for refund as to these years is not timely.

D. The taxpayer's 1998 claim for refund for Crescent Resources is not timely.

The taxpayer filed a claim for refund on behalf of Crescent Resources Corporation for tax years 1998 and 1999. Crescent was a separate entity at this time and apparently received no waivers to extend its time to file refunds, thus a claim for refund for Crescent is subject to the standard statute of limitations. Section 12-54-85(F). Based on the three year statutory look back period, the claim for 1998 is not timely, and cannot be granted by the Department.

February 4, 2010

⁹Moreover, the 1988 waiver only purported to extend the periods for tax years ending December 31, 1983 and later. The prior years were not referenced in a Department waiver until the mid 1990s.

NEXSEN | PRUET

J. Frederick Reames III
Member
Admitted in SC

March 3, 2010

VIA HAND DELIVERY

Clerk's Office
South Carolina Administrative Law Court
1205 Pendleton Street, Suite 224
Columbia, SC 29201

Re: Duke Energy Corporation; Request for Contested Case Hearing

Dear Sir or Madam:

Enclosed please find one original and one copy of a Request for Contested Case Hearing in the above-referenced matter, along with a cover letter to the Department of Revenue notifying the Department of the taxpayer's request for a contested hearing. Please clock both documents, and return the copy to us via our courier.

I have also included a check in the amount of \$250.00 as payment of the filing fee in this matter.

Very truly yours,

Rick Reames III

RR/shp
Enclosure
cc: Burnet R. Maybank III

Charleston
Charlotte
Columbia
Greensboro
Greenville
Hilton Head
Myrtle Beach

1230 Main Street
Suite 700 (29201)
PO Drawer 2428
Columbia, SC 29202
www.nexsenpruet.com
T 803.540.2055
F 803.727.1455
E RReames@nexsenpruet.com
Nexsen Pruet, LLC
Attorneys and Counselors at Law



NPCOL1:1927363.1-DOC-(RR) 011413-00041

Clerk's Office
March 3, 2010
Page 2

Bcc: Patricia C. Smith, Esquire (via e-mail)
Keith G. Butler (via e-mail)
Thomas C. Monroe III (via e-mail)
John E. Lechko (via e-mail)
Eric S. Tresh, Esquire (via e-mail)
Jeffrey A. Friedman, Esquire (via e-mail)

James Frederick Reames III
Member
Admitted in SC

March 3, 2010

VIA HAND DELIVERY

Mr. Michael S. Traynham, Esquire
Counsel for Litigation
South Carolina Department of Revenue
301 Gervais Street
Columbia, SC 29201

Re: Duke Energy Corporation; Request for Contested Case Hearing

Dear Michael:

Enclosed please find a Request for Contested Case Hearing filed today with the Clerk's Office at the South Carolina Administrative Law Court in the above-referenced matter. As always, please give me a call if I can provide you any additional information or if you have any questions. We look forward to working with you.

Very truly yours,

Rick Reames III

RR/shp
Enclosure

cc: Burnet R. Maybank III

Charleston

Charlotte

Columbia

Greensboro

Greenville

Hilton Head

Myrtle Beach

1230 Main Street
Suite 700 (29201)
PO Drawer 2428
Columbia, SC 29202
www.nexsenpruet.com

T 803.540.2055
F 803.727.1455
E RReames@nexsenpruet.com
Nexsen Pruet, LLC
Attorneys and Counselors at Law

NPCOL1:1928336.1-LT-(RR) 011413-00041

C. The Department cannot extend a filing period which has already expired.

Even if the waivers operate as the taxpayer believes, and the Department's authority to extend the time to assess tax permits it to also extend the time for the filing of a claim for refund by a taxpayer, the Department cannot extend a time period which has already expired. Extensions may only occur, with the taxpayer's consent, only within the period the Department is statutorily authorized to assess tax. See § 12-54-85(C)(4); see also § 12-54-80. The earliest waiver produced by the taxpayer was issued in August of 1988. That waiver could only extend the period for assessing taxes for any period still open under the three year statute of limitations.⁹ Thus, the Department could not extend the time for assessing tax years 1978 through 1983. As a result, the claim for refund as for these years is not timely.

D. The taxpayer's 1998 claim for refund for Crescent Resources is not timely.

The taxpayer filed a claim for refund on behalf of Crescent Resources Corporation for tax years 1998 and 1999. Crescent was a separate entity at this time and apparently received no waivers to extend its time to file refunds, thus a claim for refund for Crescent is subject to the standard statute of limitations. Section 12-54-85(F). Based on the three year statutory look back period, the claim for 1998 is not timely and cannot be granted by the Department.

February 4, 2010

⁹Moreover, the 1988 waiver only purported to extend the periods for tax years ending December 31, 1983 and later. The prior years were not referenced in a Department waiver until the mid 1990s.

III. Timeliness of the taxpayer's claim for refund.

A. The waivers provided to the taxpayer are not intended to extend the time for filing a claim for refund.

The taxpayer's refund claim extends over a period of more than 20 years, from 1978 to 2001. In support of its claim, the taxpayer provided numerous copies of waivers provided by a Department employee periodically during that period. These waivers are titled "Consent to Extend the Time to Assess Tax." The language of the waivers state that the agreement "extends the time for mailing the notice of assessment or refund of the above tax pursuant to the provisions of [the South Carolina Code]." The waivers cite different code provisions depending on when they were issued, but all cited code provisions refer to the Department authority, with a taxpayer's consent, to extend the time for assessing a tax. See S.C. Code Ann. § 12-54-85(C)(4) (Supp. 2008). The waivers are not intended to extend the time in which a taxpayer can file a claim for refund. If the Department's examination of a taxpayer reveals that a refund is due, it will be paid, but nothing in the waiver itself grants the taxpayer an extension of time to file a refund claim. Thus, the taxpayer is still constrained by the time limitations for filing a refund contained in § 12-54-85(F), discussed more fully below. Thus, the only years for which the taxpayer's refund claim is timely are 2001, 2000, and 1999.

B. The Department had no authority to extend the time for filing a refund claim before the passage of the Revenue Procedures Act in 1995.

South Carolina law prescribes strict time limitations on the filing of a claim for refund. "Except [in cases involving Internal Revenue Service adjustments] claims for credit or refund must be filed within three years from the time the return was filed, or two years from the date the tax was paid, whichever is later." Section 12-54-85(F)(1). The General Assembly granted the Department the authority to "extend time limitations provided by [Title 12]" with the passage of the Revenue Procedures Act (RPA) in 1995. S.C. Code Ann. § 12-60-40 (Supp. 2008). Prior to the passage of the RPA, the Department had no statutory authority to extend the time for a taxpayer to claim a refund - only the authority to extend the time for assessing a tax. See, e.g., S.C. Code Ann. § 12-54-80 (Supp. 1988).

Since the Department had no authority to extend the period for filing a refund until 1995, those periods which expired prior to that time could not have been extended by the Department even if the waivers operate as the taxpayer claims. Thus, regardless of what was intended by the Department's waivers, the taxpayer's refund claims for years prior to 1992 cannot be considered timely by the Department.

Carolina. This is the approach that some state courts have taken upon declining to rule that gross receipts do not include the return on short-term investments.

investments at issue here is not includable in the sales factor denominator calculated pursuant to A.R.S. Section 43-1145." Walgreen, 97 P.3d at 902.

The taxpayer has argued that the term "sales" includes "sales of intangible personal property . . ." and, thus, would include the proceeds from the sale of short-term investments. However, when the effect of including the return on principal in the gross receipts factor is considered, there is room to go beyond the language. In Kinakides v. United Artists Communications, Inc., 312 S.C. 271, 440 S.E.2d 364 (1994), the Supreme Court commented thusly on the strict construction of statutes:

However plain the ordinary meaning of the words used in a statute may be, the courts will reject that meaning when to accept it would lead to a result so plainly absurd that it could not possibly have been intended by the Legislature or would defeat the plain legislative intention. . . . If possible, the court will construe the statute so as to escape the absurdity and carry the intention into effect.

Based upon the reasoning employed by the New Jersey AT&T and Walgreen courts and the Department's longstanding administrative practice, a taxpayer's return of principal should not be included in the sales factor. Inasmuch as the principal "sales" at issue here are nothing more than an exchange of the taxpayer's own money, they have no substance other than to artificially inflate the denominator of the gross receipts formula, which in turn serves to decrease South Carolina income tax owed. To allow the return on principal to be included in the sales factor, when to do so lessens the South Carolina income subject to tax, and as a consequence unreasonably represents the amount of business done in South Carolina, is plainly absurd as contemplated by the Kinakides court.² Thus, the return of principal is not properly includable in calculating the taxpayer's South Carolina sales factor.

The Walgreen court also cited a regulation promulgated by the Multi-State Tax Commission (MTC), which defines "gross receipts" to exclude the return of principal on short-term investments. Walgreen, 97 P.3 at 901. See MTC Reg. IV.2(a)(5).

Even in those several cases wherein the deciding court has found that the return of principal is included in "sales" or "gross receipts", those courts have determined that the use of an alternative apportionment formula is appropriate in order to fairly represent the extent of the taxpayer's business within that state. Thus, the return on principal was ultimately excluded from the sales or gross receipts under an alternative apportionment methodology.

² In the alternative, the Department could argue that the return of principal should be excluded from the sales factor based on an alternative apportionment formula found in § 12-21-2320(A) as this would more fairly represent the taxpayer's business in South

absurd results. All rules of construction are subordinate to that obvious proposition. [Even the rule of strict construction] does not mean that a ridiculous result shall be reached because some ingenious path may be found to that end." State v. Provenzano, 34 N.J. 318, 322, 169 A.2d 135 (1961).

Of particular significance is the AT&T court's observation that including the full amount of money returned on the sale of short-term investments without the exclusion of principal would be comparable to "measuring business activity by the amount of money that a taxpayer repeatedly deposited and withdrew from its own bank account." Given that a return of principal on an investment is simply a return of the taxpayer's own money, to allow a taxpayer to recognize the return of principal in the gross receipts factor creates the anomaly that the taxpayer is being allowed to reduce its state taxable income not because of a decrease in business activity in the state but because of the amount of its own money the taxpayer has turned over during the tax period. See also, Sherwin-Williams Company v. Indiana Department of State Revenue, 673 N.E.2d 849 (1996) ("This Court holds that gross receipts for the purposes of the sales factor includes only interest income, and not the rolled over capital or return of principal realized for the sale of investment securities.").

In Walgreen Arizona Drug Company v. Arizona Department of Revenue, 97 P.3d 896 (2004), the Arizona Court of Appeals cited with favor the opinion of an Arizona Tax Court, which had ruled that the return of principal on short-term investments did not qualify as gross receipts for the state's sales factor:

[D]aily revenue from Walgreen's sales would be considered gross receipts when received. Any excess revenue after payment of debt or other disbursements remains a part of those gross receipts and should be counted as such. However, once that excess revenue is invested in securities or other interest bearing mediums, it loses its characterization as gross receipts and may not be counted a second time as gross receipts simply because the money was withdrawn from an investment in a marketable security or interest bearing account. This is akin to someone taking the \$100 left from their [sic] weekly paycheck[,] which is considered income when it was received, depositing it into an interest bearing account[,] then withdrawing the \$100 one month later and claiming it as income a second time. That \$100 is not income.

In affirming the ruling of the tax court, the Walgreen court, quoting extensively from the N.J. AT&T case, held that "the return of principal from the type of short-term

need not be an exact measure of the taxpayer's business activity but rather must only provide a reasonable approximation. Covington Fabrics v. South Carolina Tax Commission, 264 S.C. 59, 212 S.E.2d 574 (1975). Here inclusion of the gain from the foreign exchange contracts provides a reasonable apportionment approach.

Perhaps the leading case addressing this issue is American Telephone and Telegraph Company v. Director, Division of Taxation, 476 A.2d 800 (1984), cert. denied, 97 NJ 627, 483 A.2d 157 (1984) (AT&T). In AT&T, the court was concerned with the proper treatment of revenues received by AT&T from investments made with its idle cash under the New Jersey receipts fraction for its apportionment formula. The New Jersey receipts fraction divides "New Jersey related receipts from sales, services, etc." by the "total receipts of taxpayer from sales, services, etc." AT&T argued that all revenues from its sale of short-term investments, including returns of principal, should be included in the sale of its short-term obligations, in the receipts fraction.⁴ The court concluded that the term "receipts" for apportionment purposes was limited to the net gain from the sale or redemption of investment paper stating:

We uphold as a general matter the exclusion of gross revenues received by plaintiff from the sale or maturity of investment paper. As Judge Crabtree observed, idle cash can be turned over repeatedly by investment in short term securities. It is no true reflection of the scope of AT&T's business done within and without New Jersey to allocate to the numerator or the denominator of the receipts fraction the full amount of money returned to AT&T upon the sale or redemption of investment paper. To include such receipts in the fraction would be comparable to measuring business activity by the amount of money that a taxpayer repeatedly deposited and withdrew from its own bank account. The bulk of funds flowing back to AT&T from investment paper was simply its own money. Whatever other justification there is for excluding such revenues from the receipts fraction, it is sufficient to say that to do otherwise produces an absurd interpretation of § 6(B). "It is axiomatic that a statute will not be construed to lead to

The court gave the following explanation of "idle cash": "AT&T maintained a pool of funds which it received primarily as dividends from its subsidiary corporations and from the sale of stock and debt obligations. Money not needed for immediate business use was placed in certificates of deposit or invested in short term obligations of various types."

The New Jersey Division of Taxation took the position that only interest owed on the investments should be included in the receipts fraction.

(D) For purposes of this section, items included in sales are as provided in Section 12-6-2295. Section 12-6-2295 provides in part:

(B). The terms "sales" as used in Section 12-6-2280 and "gross receipts" as used in Section 12-6-2290 do not include:

(1) repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of deposit or similar marketable instrument.

While the statute did not directly speak to the issue prior to 2006, the Department had implemented the long-standing administrative practice to include only the net proceeds from investment activities. Income Tax Decision I-D-309 (June 30, 1982) addressed the issue and concluded:

The commission has included royalties and sales of business connected tangible and intangible property in the sales factor. However, sales of tangible and intangible business connected property have been included only to the extent that the sale resulted in a gain. To include the gross sales price tends to distort the sales factor. Thus, through prudent administrative practice, this procedure has been developed.

All that is required of an apportionment formula is that it [sic] provide a reasonable approximation. Covington Fabrics v. South Carolina Tax Commission, 264 S.C. 59, 212 S.E.2d 574 (1975). The Income Tax Division's computation provides a reasonable basis for apportioning income and is thus valid.

Again in 1988, in Income Tax Decision I-D-88-11, the practice was reaffirmed. The taxpayer in that matter sought to include the entire proceeds from the sale of foreign exchange contracts. The finding concluded:

The Division has included in the denominator of the sales factor gain resulting from the disposition of the exchange contracts. We find such to be proper. This position has been the practice of the Tax Commission since 1977 and is a long-standing administrative position. Such should not be overturned unless cogent reasons for doing so are found. Emerson Electric Co. v. Wasson, 287 S.C. 394, 339 S.E.2d 118 (1986). We find no cogent reasons to change the practice. It must be noted that the apportionment formula

taxable year and the denominator is the total sales of the taxpayer everywhere during the taxable year.

(B) The term "sales in this State" includes sales of goods, merchandise, or property received by a purchaser in this State other than the United States Government. The place where goods are received by the purchaser after all transportation is completed is considered the place at which the goods are received by the purchaser. Direct delivery into this State by the taxpayer to a person designated by a purchaser constitutes delivery to the purchaser in this State.

(C) The word "sales" includes, but is not limited to:

(1) rentals from tangible personal property located in this State which are not separately allocated; and

(2) sales of intangible personal property and receipts from services if the entire income producing activity is within this State. If the income-producing activity is performed partly within and partly without this State, sales are attributable to this State to the extent the income-producing activity is performed within this State.

Based on the calculation of the sales factor, the higher the denominator (total sales from everywhere) results in a lower sales factor which, in turn, results in less income tax owed the state.

The taxpayer has diluted its sales factor by including in its denominator (total sales from everywhere) the return of principal from its short-term investments. As part of its treasury and cash management program, the taxpayer invested in short-term investments for which it received a gain on the investments plus the return of principal. In so doing, taxpayer properly included the interest and gains related to the return from these investments in the denominator of the sales factor. However, by also including the return of principal in the denominator of its sales ratio, the ratio is diluted.

The following language was added to this section effective for tax years beginning after 2006:³

³ Subsection (c) was also rewritten to discuss sales made to the United States Government.

ratio, and the denominator of which is four. However, where the sales ratio does not exist, the denominator of the fraction is the number of existing ratios, and where the sales ratio exists but the payroll ratio or the property ratio does not exist, the denominator of the fraction is the number of existing ratios plus one. The property, payroll, and sales ratios must be determined in accordance with Sections 12-6-2260, 12-6-2270, and 12-6-2280, respectively.

(Emphasis added). The taxpayer's contention that it is not described by § 12-6-2250 is incorrect. The taxpayer is a manufacturer within the meaning of the statute, and must apportion its income according to the prescribed three-factor formula. It has long been held in South Carolina that "a company engaged in the business of generating electricity is a 'manufacturer' within the meaning of a Statute imposing a tax upon a 'corporation engaged in the business of manufacturing.'" Duke Power Co. v. Bell, 156 S.C. 299, 152 S.E. 865, 868 (1930). South Carolina is hardly alone in this assessment. See, e.g., Hetherington v. Camp Bird Co., 202 P. 1087, 1088 (Colo. 1922); Curry v. Alabama Power Co., 8 So.2d 521 (Ala. 1942); Minn. Power & Light Co. v. Pers. Prop. Tax. Taxing Dist., City of Fraser, Sch. Dist. No. 695, 182 N.W.2d 685, 691 (Minn. 1970). The taxpayer's statements to the public are replete with references to its power generating assets, and its focus on generating power more efficiently. See, e.g., Duke Energy 2008 Summary Annual Report. Put plainly, South Carolina law has long recognized that electricity is something that must be "manufactured" within the meaning of our tax laws, and the generating entity - the taxpayer, in this instance - is the electricity manufacturer. The taxpayer's argument that it is entitled to use a single-factor formula must be rejected.

II. The taxpayer is not entitled to include gross receipts from the sale of short-term investments in calculating its gross receipts or sales factor.

If the Department is correct, and the taxpayer must use the three-factor formula provided by § 12-6-2250, there remains the issue of how it must then calculate its apportionment ratio. The taxpayer argues that it may include all proceeds from short-term investments, including the return of principal, in the denominator of its gross receipts ratio. This argument would apply to the sales factor of the three-factor formula as well. In calculating the sales factor, S.C. Code Ann. § 12-6-2280 (2000) provides that:

(A) The sales factor is a fraction in which the numerator is the total sales of the taxpayer in this State during the

Moreover, the taxpayer's contention that it does not sell tangible personal property should also fail. "Tangible personal property" is specifically defined to include "services [such as] sales of electricity." S.C. Code Ann. § 12-36-60 (2000). Thus, while the taxpayer is correct that it provides a service, its service is statutorily defined as tangible personal property.

2. In December 2002, Duke filed amended South Carolina corporate income tax returns for income tax years 1978 through 2001 requesting a substantial refund.
3. The taxpayer relied on waivers of the statutory time limit for filing amended returns (taxpayer's claim for refund). These waivers were provided by an employee of the Department of Revenue (Department) due to ongoing audit issues. The first of these waivers was issued on August 16, 1988.
4. The taxpayer raised three primary arguments in support of its claim for refund: (A) the taxpayer is not required to calculate its income tax on a three-factor formula pursuant to S.C. Code Ann. § 12-6-2250 (2008); (B) the taxpayer is entitled to include sales of short-term investments in the denominator of its gross receipts factor; and (C) the income and expense of Crescent Resource Corporation was not properly allocated in the original return.
5. The Department denied the requested refunds by letter dated February 12, 2003.
6. The taxpayer filed a timely protest of this denial by letter dated March 12, 2003.

Analysis:

I. The taxpayer is not entitled to use a single-factor gross receipts formula.

Pursuant to S.C. Code Ann. § 12-6-2290 (Supp. 2008), "[i]f the principal profits or income of a taxpayer are derived from sources other than those described in Section 12-6-2250 or Section 12-6-2310," the taxpayer must utilize a single factor apportionment ratio (gross receipts formula). The taxpayer argues it is entitled to utilize this formula because it is not a taxpayer described in either of the other code sections referenced by § 12-6-2290.

Section 12-6-2250(A) provides as follows:

A taxpayer whose principal business in this State is (i) manufacturing or a form of collecting, buying, assembling, or processing goods and materials within this State, or (ii) selling, distributing, or dealing in tangible personal property within this State, shall make returns and pay annually an income tax that includes its income apportioned to this State. Its income apportioned to this State is determined by multiplying the net income remaining after allocation pursuant to Sections 12-6-2220 and 12-6-2230 by a fraction, the numerator of which is the property ratio, plus the payroll ratio, plus twice the sales

S.C. Code Ann. § 12-6-2310 (2000) is not relevant to the facts of this case.

DEPARTMENT DETERMINATION

Taxpayer:

Duke Energy Corporation
PO Box 1642
Houston, TX 77251-1642

Periods Involved:

Corporate Income Tax Years 1978 through 2001

Matters in Dispute:

1. Is the taxpayer entitled to utilize a single gross receipts factor apportionment formula in the calculation of its South Carolina corporate income tax?
2. Is the taxpayer entitled to include return of principal from the sale of short-term financial instruments in the denominator of its gross receipts factor?
3. Is the taxpayer's claim for refund timely?

Refund amount at issue:

Duke Income Tax	\$125,142,447
Crescent Income Tax	1,098,198
Total	\$126,240,645*

*Total is exclusive of interest. Any refund owed would be subject to a statutory interest rate pursuant to S.C. Code Ann. § 12-54-25 (Supp. 2008).

Determinations:

1. The taxpayer is not entitled to utilize a single-factor formula for apportioning its taxable income.
2. The taxpayer may not include its return of principal from the sale of short-term investments in calculating its gross receipts factor.
3. The taxpayer's claim for refund is untimely for some of the periods in question.

Relevant Facts:

1. Duke Energy Corporation (Duke or taxpayer), formerly known as Duke Power Company, is a multi-state power provider with operations in South Carolina.

State of South Carolina
Department of Revenue
Office of General Counsel for Litigation
301 Gervais Street, P.O. Box 12265, Columbia, South Carolina 29211
Telephone: (803) 898-5130 Telecopy: (803) 898-5147

February 4, 2010

Burnet R. Maybank, III, Esquire
James F. Reames, III, Esquire
Nexsen Puetz, LLC
PO Drawer 2426
Columbia, SC 29202

Re: Department Determination
Duke Energy Corporation

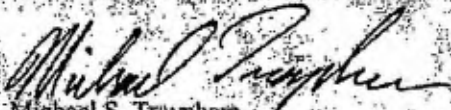
Dear Messrs. Maybank and Reames:

Enclosed is the South Carolina Department of Revenue's Determination in the above-referenced matter. If you disagree with the Determination, you may request a contested case hearing before an Administrative Law Judge. If you choose to pursue such remedy, you must do so within 30 days of the date of this letter. If you fail to respond within this time limitation, you will lose your right to appeal the Department Determination and your protest will be ended. Should you desire a contested case hearing, you must complete the enclosed request form and mail it, along with a \$100 filing fee, to the Administrative Law Court at the address stated on the form's instruction sheet.

The Administrative Law Court rules require that you also send me a copy of your request. My address is as follows: PO Box 12265, Columbia, SC 29211

Yours truly,

OFFICE OF GENERAL COUNSEL FOR LITIGATION


Michael S. Traynham
Counsel for Litigation

MST:lbc
Enclosures

CERTIFICATE OF SERVICE

This is to certify that I have this day served the foregoing **REQUEST FOR
CONTESTED CASE HEARING** by hand, delivering the same to the following:

Clerk's Office
South Carolina Administrative Law Court
1205 Pendleton St., Suite 224
Columbia, SC 29201

Mr. Michael S. Traynham, Esquire
Counsel for Litigation
South Carolina Department of Revenue
Office of General Counsel for Litigation
301 Gervais Street, 3rd Floor
Columbia, SC 29201

This ____ day of March, 2010.

James Frederick Reames III
Nexsen Pruet, LLC
1230 Main Street, Suite 700 (29201)
P.O. Drawer 2426
Columbia, SC 29202
Telephone: (803) 540-2055

Attorney for Petitioner Duke Energy Corporation.

Jeffrey A. Friedman (*Pro Hac Vice Admission Pending*)
SUTHERLAND ASBILL & BRENNAN LLP
1275 Pennsylvania Avenue Northwest
Washington, DC 20004
Telephone: (202) 383-0718
Fax: (202) 637-3593

Attorneys for Petitioner Duke Energy Corporation.

in Petitioner's South Carolina tax returns, Petitioner first determined Crescent's net gains allocable to South Carolina and outside of the state. Petitioner then allocates related interest and expenses attributable to Crescent's allocable income, which interest and expenses are then deducted from Crescent's federal taxable income to derive its apportionable South Carolina income. Crescent's apportionable income is then apportioned to South Carolina using the applicable apportionment procedures. Therefore, Petitioner's methodology for allocating expenses and interest associated with its real estate business as reflected on Petitioner's amended South Carolina corporate income tax returns was proper and accurately reflected its operations in South Carolina.

III. RELIEF REQUESTED

Duke respectfully requests that the Administrative Law Court (1) determine that Respondent's Determination denying Petitioner's claims for refund is erroneous and illegal; (2) grant Petitioner's refund claims and enter judgment in favor of Petitioner in the amount of \$126,240,645, plus applicable interest; and (3) determine that Petitioner is entitled to such other and further relief as may be just and proper. Petitioner reserves the opportunity to present further information and to raise additional issues prior to or at the hearing.

Respectfully submitted this _____ day of March, 2010.

Burnet R. Maybank III
James Frederick Reames III
NEXSEN PRUET, LLC
1230 Main Street, Suite 700 (29201)
P.O. Drawer 2426
Columbia, SC 29202
Telephone: (803) 540-2055
Fax: (803) 727-1455

Eric S. Tresh (*Pro Hac Vice Admission Pending*)
SUTHERLAND ASBILL & BRENNAN LLP
999 Peachtree Street, NE
Atlanta, GA 30309
Telephone: (404) 853-8579
Fax: (404) 853-8806

The gross receipts here are from the utility company's business since that arose from a breach of contract to purchase uranium to generate electricity. ... It is the nature of the origin of the action which makes the proceeds business receipts and here the origin of the proceeds was a suit to recover damages from uranium purchases required to fulfill ... [the company's] business as a utility.

Id.

Several other state courts have held that the all of the gross receipts from the sale of marketable securities must be included in "gross receipts" in computing the sales/gross receipts factor denominator. *Microsoft Corp. v. Franchise Tax Bd.*, 139 P.3d 1169 (Cal. 2006); *Limited Stores, Inc. v. Franchise Tax Bd.*, 152 Cal. App. 4th 1491 (2007); *General Mills v. Franchise Tax Bd.*, 172 Cal. App. 4th 1535 (2009).

Accordingly, the total gross receipts from Petitioner's sales of securities must be included in its South Carolina gross receipts factor denominator for the 1978-2001 tax periods.

2. The 2007 Amendment to the Definitions of "Total Sales" and "Total Gross Receipts" Demonstrated an Unambiguous Legislative Intent to Change the Law

In 2007, the South Carolina Legislature enacted S.C. Code Ann. § 12-6-2295, S.B. 91, 117th Gen. Assem., Reg. Sess. (S.C. 2007) ("S.B. 91"), which, for taxable years commencing after 2006, specifically defines the terms "sales" and "gross receipts" to exclude "repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of deposit or similar marketable instrument." S.C. Code Ann. § 12-6-2295(B)(1) (the "2007 Amendment"). The title of S.B. 91 states, in pertinent part: "By adding section[] 12-6-2295 so as to further provide for allocation and apportionment of business income for state income tax purposes by basing the determination only on a sales factor and to define the terms 'sales' and 'gross receipts' consistently and specifically for *that* purpose...." (*Emphasis added*). The 2007 statutory change further indicates that under pre-2007 law, such receipts were included in "total sales" and "total gross receipts." In fact, the purpose of the 2007 Amendment was to change the then existing law to prospectively exclude those receipts from the gross receipts factor.

Accordingly, the plain language of South Carolina statutes and the South Carolina Supreme Court's and Respondent's broad interpretations of the terms "total sales" and "total gross receipts," require the total gross receipts from Petitioner's sales of securities to be included in its South Carolina gross receipts factor denominator for the 1978-2001 tax periods.

C. Allocation of Interest and Expenses Related to Crescent Resources Corporation

Under South Carolina law, expenses incurred in earning income allocable outside of South Carolina are offset against the income the expenses generate and may not be used to offset South Carolina apportionable income. S.C. Code Ann. § 12-6-2220; S.C. Code Regs. 117-700. In preparing the 1998-1999 South Carolina income tax returns for Crescent, which were included

Illinois legislature, which enacted a law clarifying that electricity cannot be classified as tangible personal property. *See* S.B. 256, 96th Gen. Assem. (Ill. 2009).

Accordingly, during the 1978-2001 tax periods at issue, Petitioner was required to use the gross receipts apportionment method because it was not a manufacturer of goods or materials and was not engaged in the sale of tangible personal property.

B. Must All of Petitioner's Gross Receipts from Sales of Securities Be Included in Its Gross Receipts Factor Denominator?

1. For Purposes of the South Carolina Gross Receipts Factor, "Total Gross Receipts" Includes Gross Receipts Derived from Sales of Marketable Securities

During the 1978-2001 tax periods, South Carolina law provided that a taxpayer subject to the gross receipts apportionment formula "must apportion its net income after allocation using a fraction whose numerator is *gross* receipts from within South Carolina during the taxable year, and whose denominator is *total gross* receipts from everywhere during the taxable year." S.C. Code Ann. § 12-6-2290 (former S.C. Code Ann. § 12-7-1190, repealed eff. Jan. 1, 1996) (*emphasis added*). "Gross receipts" was not defined for South Carolina corporate income tax purposes prior to 2007.

Respondent and the South Carolina Supreme Court have broadly construed the term "gross receipts." *See, e.g., Duke Power Co. v. South Carolina Tax Comm'n*, 292 S.C. 64, 354 S.E.2d 902 (1987); I-D-384, South Carolina Dep't of Revenue (May 17, 1985); I-D-352, South Carolina Dep't of Revenue (Feb. 13, 1984). In *Duke Power*, the taxpayer reported its gross receipts from customer charges and did not include the proceeds from the sale of its nuclear station. *Duke Power*, 292 S.C. 64. The court declared that the language of the license fee imposition statute "clearly states ... that the license fee is based on *entire gross receipts* ..." and required Petitioner to include these receipts in calculating its license fee. *Id.* at 66 (*emphasis added*).

Likewise, Respondent has broadly construed the term "gross receipts." At issue in I-D-384 was whether, for purposes of the business license tax imposed under former S.C. Code Ann. § 12-19-110 (repealed eff. Jan. 1, 1996), the term "gross receipts" included receipts from sales of real property. The taxpayer contended that the gross receipts should be limited to receipts from customer sales, however, Respondent ruled that the term gross receipts "clearly indicates [that gross receipts] ... is based on *entire gross receipts* and not just receipts from customer charges ... 'Gross receipts' have been defined to mean *the whole receipts* as opposed to net receipts" *Id.* (*Emphasis added*).

Similarly, In I-D-352, Respondent opined that proceeds from a recovery in litigation for a breach of contract constituted "gross proceeds" of a utility company for purposes of computing the business license tax under S.C. Code Ann. § 12-19-110 (1976) (repealed eff. Jan. 1, 1996). I-D-352, South Carolina Dep't of Revenue (Feb. 13, 1984). In so ruling, Respondent emphasized that "[g]ross receipts is a *broad term* which includes *all* proceeds received by an entity so long as such receipts resulted from any part of its business." *Id.* (citing *Sandusky Gas & Elec. Co. v. State*, 114 Ohio St. 479, 151 N.E. 685 (Ohio 1926)). Respondent explained that:

II. ISSUES IN THIS CASE

A. Is Petitioner Required to Compute its South Carolina Income Tax Liability Using the Single-Factor Apportionment Method?

Multi-state taxpayers doing business in several states determine the amount of income attributable to each state through allocation and apportionment. A taxpayer's income is apportioned to South Carolina using an apportionment percentage designed to reflect the relative amount of business activity conducted in the state.

During the 1978-2001 tax periods in this case, South Carolina required all taxpayers engaged in multi-state business activities, other than manufacturers of goods or materials or taxpayers engaged in the sale of tangible personal property, to apportion their income based solely on gross receipts from sales. S.C. Code Ann. § 12-6-2290 (former S.C. Code Ann. § 12-7-1190, repealed eff. Jan. 1, 1996).

Petitioner's principal business was not manufacturing or processing goods or materials in South Carolina for purposes of S.C. Code Ann. § 12-6-2250. First, electricity does not constitute 'goods' or 'materials' because, as discussed below, electricity is not tangible personal property for purposes of South Carolina tax law. Second, Petitioner is not a 'manufacturer' or engaged in 'manufacturing.' This Administrative Law Court has specifically opined that the sale of electricity constitutes the sale of services for purposes of the former S.C. Code Ann. § 12-19-110, which imposed a license fee on gross receipts derived from services. *Consolidated Hydro Southeast, Inc. v. South Carolina Dep't of Revenue & Taxation*, No. 95-ALJ-17-0634-CC, 1996 WL 909155 (S.C. Admin. Law Judge Div. May 13, 1996).

Furthermore, Petitioner's principal business is not selling, distributing or dealing tangible personal property because electricity is not tangible personal property. South Carolina courts and courts from around the country support Petitioner's view on this issue holding that electricity is not tangible personal property. See, e.g., *Consolidated Hydro Southeast, Inc. v. South Carolina Dep't of Revenue & Taxation*, No. 95-ALJ-17-0634-CC, 1996 WL 909155 (S.C. Admin. Law Judge Div. May 13, 1996) (the sale of electricity constitutes the sale of services and is therefore subject to the additional license fee of S.C. Code Ann. § 12-19-110); *In re PacifiCorp*, 2002-SBE-005-A, 2002 Cal. Tax LEXIS 469 (Cal. S.B.O.E. Dec. 19, 2002) (sales of electricity are sales of services and not sales of tangible personal property); *Miller v. City of Los Angeles*, 197 P. 342 (Cal. 1921) (electricity is an intangible asset); *Pierce v. Pacific Gas & Electric Co.*, 212 Cal. Rptr. 283 (Cal. Ct. App. 1985) (electricity constitutes an intangible asset); *Westinghouse Broad. Co. v. Comm'r of Revenue*, 382 Mass. 354 (1981), *Comm'r of Revenue v. Houghton Mifflin Co.*, 423 Mass. 42, 45 (1996), *First Data Corp. v. State Tax Comm'n*, 371 Mass. 444 (1976), and *EUA Ocean State Corp. v. Comm'r of Revenue*, Mass. App. Tax Bd., Nos. C-258405-406, C258424-425; C258882-883; C259158-159; C259653; C262566-568 (April 24, 2006) (electricity is not tangible personal property); *Request for Private Letter Ruling*, North Carolina Dep't of Revenue (Feb 9, 2007) (sales of electricity constitute sales of services). The only case in the income tax context holding to the contrary is *Exelon Corp. v. Dep't of Revenue*, 2009 Ill. LEXIS 188 (Ill. 2009), modified 2009 Ill. LEXIS 1245 (Ill. 2009), cert. denied, No. 09-759 (U.S. 2010). Less than six months after the *Exelon* decision, the case was nullified by the

On December 30, 1991, Petitioner timely filed South Carolina amended corporate income tax returns for the tax periods 1978 through 1983 reflecting federal audit adjustments for the tax years 1978-1983 as required under South Carolina law.

On December 12, 2002, Petitioner timely filed South Carolina amended corporate income tax returns for the 1978-2001 tax periods correcting its original tax returns for those periods and seeking a refund of corporate income taxes plus applicable interest. The refund claims reflected the use of a single gross receipts factor apportionment formula and the adjustment of Petitioner's gross receipts factor denominator to include all of the gross receipts from its sales of securities. The refund claims also included the proper allocation of income and expenses for Crescent for tax years 1998 and 1999.

On February 12, 2003, Respondent denied Petitioner's adjustments (refund claims) for the 1978-2001 tax periods claiming that power companies are manufacturers and are therefore required to use a three-factor apportionment formula. Respondent further asserted that Petitioner may not change its method of income apportionment without consent. On March 13, 2003, Petitioner timely appealed from the denial of its refund claims for the 1978-2001 tax periods.

On June 15, 2007, Petitioner filed additional amended corporate income tax returns reflecting federal audit adjustments for the tax years 1986-1998 ("1986-1998 tax periods") and, consistent with its previously filed amended returns for the 1978-2001 tax periods, a single factor gross receipts apportionment formula. Petitioner's amended corporate income tax returns for the 1986-1998 tax periods sought a refund of corporate income taxes plus applicable interest.

On February 4, 2008, Petitioner received Respondent's denial of Petitioner's adjustments (refund claims) for the 1986-1998 tax periods rejecting Petitioner's use of the gross receipts apportionment method and inclusion of the total gross receipts from its sales of securities in its gross receipts factor denominator.

On April 18, 2008, Petitioner timely appealed from the denial of its refund claims for the 1986-1998 tax periods.

On February 4, 2010, Respondent issued a Determination denying Petitioner's refund claims for the 1978-2001 tax periods on the grounds that Petitioner was not entitled to use a gross receipts apportionment formula; that Petitioner was not permitted to "include its return of principal from the sale of short-term investments in calculating its gross receipts factor"; and that Petitioner's claims for refund were untimely for some of the 1978-2001 tax periods in question.

For each of the 1978-2001 tax periods, Petitioner and Respondent consistently executed a Consent to Extend the Time to Assess Tax ("Waiver") thereby extending the original statute of limitations for each tax period. The final Waiver, which covered the South Carolina corporate income tax period 1978-1999 and South Carolina license fee period 1984-2000, expired on December 31, 2002. Petitioner's amended South Carolina corporate income tax returns for all of the 1978-2001 tax periods were filed prior to December 31, 2002.

**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

DUKE ENERGY CORPORATION,

Petitioner,

v.

**SOUTH CAROLINA DEPARTMENT
OF REVENUE,**

Respondent.

**REQUEST FOR
CONTESTED CASE HEARING**

DOCKET NO: -ALJ- - - -
(to be assigned by ALC)

STATEMENT OF THE CASE

Petitioner Duke Energy Corporation ("Petitioner") files this Statement of the Case as part of its Request for Contested Hearing pursuant to S.C. Code Ann. § 12-60-460 against Respondent South Carolina Department of Revenue ("Respondent"). Petitioner contests Respondent's Determination dated February 4, 2010, denying Petitioner's claims for refund for the tax years 1978-2001, and shows the Administrative Law Court the following:

I. BRIEF STATEMENT OF THE FACTS

Petitioner (f/k/a Duke Power Company) is, and was during all relevant tax periods, a multi-state energy services enterprise with operations in South Carolina. Petitioner's primary operations in South Carolina consisted of its franchise electric service business, real estate business, and fiber optics and telecommunications business. As part of its business, Petitioner's Treasury Department purchased and sold securities including municipal bonds, loan repurchase agreements, and commercial paper. Petitioner's Treasury Department sought to invest its capital in the ordinary course of its business and earn a return on such investment. The vast majority of the Petitioner's investment accounts were maintained in New York. The remainder of these accounts were maintained in Georgia.

Petitioner timely filed its South Carolina corporate income tax returns (including license fee returns) for the tax years 1978-2001 ("1978-2001 tax periods"). On its original South Carolina corporate income tax returns for the 1978-2001 tax periods, Petitioner erroneously computed its South Carolina income tax liability by incorrectly apportioning business income to South Carolina using a three-factor apportionment formula and not including gross receipts from the sale of securities in its gross receipts factor denominator. Petitioner also improperly allocated expenses related to an affiliated entity, Crescent Resources Corporation ("Crescent").

Print your name

Sign your name

- 1) You must complete the **Request for Contested Case Hearing** on the reverse side of these instructions and mail it to the Administrative Law Court at the following address with the appropriate filing fee or Request for Waiver Form:

Clerk's Office
South Carolina Administrative
Law Court
1205 Pendleton St., Suite 224
Columbia, SC 29201

A copy of the Request must also be served on the agency from which you are appealing. If you do not know, you should contact the agency to determine the name of the person to be served with this document.

- 2) In order for your case to be processed by the ALC, a copy of the decision or document that you are appealing must be attached to the Request for Contested Case Hearing.

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Duke Energy Corporation)
(Your name))
)
)
South Carolina Department of Revenue)
(The name of the agency you are appealing))
)

NOTICE OF REQUEST FOR CONTESTED
CASE HEARING

DATE: March 4, 2010

DOCKET NO. -ALJ- -
(to be assigned by ALC)

Notice is hereby given that Duke Energy Corporation (your name) does hereby appeal the decision issued by the above named agency and received on February 4, 2010 (date), a copy of which is attached. (YOU MUST ATTACH A COPY OF THE DECISION OR DOCUMENT DESCRIBING THE AGENCY ACTION YOU ARE APPEALING IN ORDER TO HAVE YOUR CASE PROCESSED). Please provide a brief statement regarding the issue(s) for which the hearing is requested and the relief requested:

SEE ATTACHMENT

Enclosed is a ☒ check ☐ money order ☐ cash in the amount of \$ 250.00 for the applicable filing fee in this matter.

Duke Energy Corporation, Attn: Tax Department

Print your name
400 S. Tryon Street, ST22M

Mailing Address
Charlotte, NC 28285

Telephone Number

Sign your name

City, State, Zip Code

County of residence or of permit/license at issue

Are you represented by an attorney? ☒ Yes ☐ No
Burnet R. Maybank III, James Frederick Reames III

Attorney's name
Nexsen Pruet, LLC PO Drawer 2426

Mailing Address
Columbia, SC 29202

City, State, Zip code
803-540-2048/803-540-2055

Telephone Number

Are you represented by a CPA? ☐ Yes ☒ No

CPA's name

Mailing Address

City, State, Zip Code

Telephone Number

CERTIFICATE OF SERVICE

I hereby certify that I, _____ (your name), on the ____ day of _____, 200__, in _____ (city), South Carolina, served a copy of the foregoing Request for Contested Case Hearing on all parties to this matter by depositing the same in the United States Mail, postage paid, and addressed as follows:

Name of person/Agency served: SEE ATTACHED CERTIFICATE

Address: _____

City, State, Zip Code: _____

Name of person/Agency served:

Address:

City, State, Zip Code:

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Duke Energy Corporation,	)	Docket No. 10-ALJ-17-0270-CC
	)	
Petitioner,	)	
	)	
vs.	)	RESPONDENT'S
	)	PREHEARING STATEMENT
	)	
South Carolina Department of Revenue,	)	
	)	
Respondent.	)	

1. The Nature Of This Proceeding:

This proceeding is requested by the Petitioner, a distributor and producer of electric power, to challenge the Respondent's denial of the Petitioner's tax refund claim for periods from 1978 through 2001.

2. Statutory Provisions Conferring Subject Matter Jurisdiction To The Court And Other Applicable Statutes And Regulations:

Subject matter jurisdiction is conferred by S.C. Code Ann. § 12-60-460 (Supp. 2008). Other relevant provisions: S.C. Code Ann. §§ 12-6-2250(A); 12-6-2290; 12-54-85 (Supp. 2008).

3. The Issues Presented For Determination, Including Any Claims Or Defenses Expected To Be Raised:

- A. Is the Petitioner entitled to utilize a single-factor apportionment formula to calculate its South Carolina taxable income?
- B. Is the Petitioner entitled to include the return of principle from short-term investments in calculating its receipts factor?
- C. Is the Petitioner's refund claim timely for all periods involved?

4. The Action Requested Of The Court, If Any:

Affirm the Department Determination and deny the Petitioner's requested refund.



5. A Brief Summary Of The Facts To Be Presented At The Hearing:

- a. The Petitioner, formerly known as Duke Power Company, is a multi-state power provider with operations in South Carolina.
- b. In December 2002, the Petitioner filed amended South Carolina corporate income tax returns for income tax years 1978 through 2001 requesting a substantial refund.
- c. The Petitioner relied on waivers of the statutory time limit for filing amended returns. These waivers were provided by an employee of the Respondent due to ongoing audit issues. The first of these waivers was issued on August 16, 1988.
- d. The Petitioner raised three primary arguments in support of its claim for refund: (A) the Petitioner is not required to calculate its income tax on a three-factor formula pursuant to S.C. Code Ann. § 12-6-2250 (Supp. 2008); (B) the Petitioner is entitled to include sales of short-term investments in the denominator of its gross receipts factor; and (C) the income and expense of Crescent Resource Corporation was not properly allocated in the original return.
- e. The Respondent denied the requested refunds by letter dated February 12, 2003.
- f. The Petitioner filed a timely protest of this denial by letter dated March 12, 2003.

6. A Summary Of Any Motions Expected To Be Raised At The Hearing And The Appropriate Authority Underlying The Motion:

The Respondent and the Petitioner anticipate submitting cross motions for summary judgment or partial summary judgment to the extent that facts underlying the legal questions in this case can be stipulated to. The parties will submit a consent motion to the Court addressing the timing of these stipulations.

7. A List Of Proposed Witnesses And Exhibits:

Witnesses:

Respondent's Employee(s) will testify to the examination of the Petitioner's refund request and the Respondent's communications with the Petitioner (if testimony is deemed necessary).

The Respondent reserves the right to name additional witnesses, including a possible expert witness.

Exhibits:

Taxpayer's Refund Request
Department's Response to Refund Request
Taxpayer's Protest
Department's Determination

The Respondent reserves the right to name additional exhibits after discovery.

8. A Statement Regarding The Necessity For Discovery, If Any:

The Respondent and the Petitioner will submit a consent order to the Court with the express intent of limiting discovery and stipulating to the facts of the case to the extent possible. The consent order will address the need for discovery should an agreement as to all or part of the facts not be reached.

9. The Estimated Time Required For The Hearing:

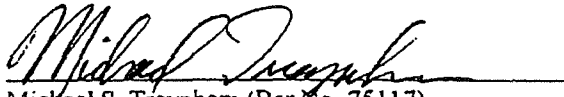
One (1) day.

10. Any dates in the next 120 days when you will not be available for a hearing:

May 26, 27; June 24; July 27-29.

11. An email address where you can be reached:

traynhm@sctax.org



Michael S. Traynham (Bar No. 75117)

Counsel for Litigation

Ray N. Stevens (Bar No. 5342)

Director

Harry T. Cooper, Jr. (Bar No. 1383)

Chief of Staff

Ronald W. Urban (Bar No. 5677)

General Counsel for Litigation

PO Box 12265

Columbia, SC 29211

Phone: 803-898-5765

Fax: 803-898-5147
TraynhM@sctax.org
Attorneys for South Carolina
Department of Revenue

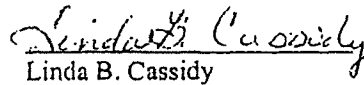
Columbia, South Carolina
March 31, 2010

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Duke Energy Corporation,	)	Docket No. 10-ALJ-17-0270-CC
	)	
Petitioner,	)	
	)	
vs.	)	
	)	
South Carolina Department of Revenue,	)	
	)	
Respondent.	)	

CERTIFICATE OF SERVICE

I, Linda B. Cassidy, do hereby certify that I have caused to be mailed, postage prepaid, the Respondent's Prehearing Statement in the above mentioned matter to Burnet R. Maybank, III, Esquire and James Frederick Reames, III, Esquire, Nexsen Pruet LLC, PO Box 2426, Columbia, SC 29202 this 31st day of March 2010.


Linda B. Cassidy

State of South Carolina
Department of Revenue
Office of General Counsel for Litigation
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214
Phone: (803) 898-5598 Fax: (803) 898-5907

November 30, 2010

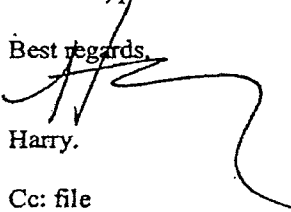
Burnet R. Maybank, III
J. Frederick Reames, III
1230 Main Street, Suite 700
Columbia, SC 29202

RE: Duke Energy Corporation v. SC DOR.
Case No.: 10-ALJ-17-0270-CC

Dear Burnie and Rick,

Enclosed please find the Department's Amended Prehearing Statement. If you have any questions or concerns, please feel free to contact me or Milton at any time.

Best regards,


Harry.

Cc: file
Cc: Milton Kimpson, and Abe Gutting.



**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

Duke Energy Corporation,

Petitioner,

vs.

South Carolina Department of Revenue,

Respondent.

Docket No. 10-ALJ-17-0270-CC

**RESPONDENT'S AMENDED
PREHEARING STATEMENT**

1. The Nature of This Proceeding:

This proceeding is requested by Petitioner, a manufacturer/producer and distributor of electric power, to challenge Respondent's denial of Petitioner's tax refund claim for periods from 1978 through 2001.

2. Statutory Provisions Conferring Subject Matter Jurisdiction To The Court And Other Applicable Statutes And Regulations:

Subject matter jurisdiction is conferred by S.C. Code Ann. § 12-60-460 (Supp. 2008). Other relevant provisions: S.C. Code Ann. §§ 12-6-2250(A); 12-6-2290; 12-54-85 (Supp. 2008).

3. The Issues Presented For Determination, Including Any Claims Or Defenses Expected To Be Raised:

- A. Is Petitioner entitled to utilize a single-factor apportionment formula to calculate its South Carolina taxable income?

Because Petitioner is a manufacturer of electricity and a power service provider, it is required to use the three factor apportionment formula in computing its South Carolina taxable income. See S.C. Code § 12-6-2250.

Alternatively, because the utilization of the standard statutory gross receipts apportionment method would unfairly represent Petitioner's business activities in the State, the use of the combined entity apportionment method is appropriate to effectuate an equitable apportionment of Petitioner's South Carolina taxable income. See Media Gen. Comm., Inc. v. South Carolina Dep't Rev., 388 S.C. 138, 694 S.E.2d 525 (2010); see also Microsoft Corp. v.

Franchise Tax Bd., 139 P.3d 1169 (Cal. 2006).

- B. Is Petitioner entitled to include the return of principal from short-term investments in calculating its receipts factor?

Petitioner should be prohibited from including the return of any principal of a short-term marketable security or instrument, including, but not limited to, municipal bonds, loan repurchase agreements, commercial paper, or the like, regardless of the apportionment formula utilized to calculate Petitioner's South Carolina taxable income. See S.C. Code Ann. §§ 12-6-2280, -2290, and -2295.

- C. Is Petitioner's refund claim timely for all periods involved?

The timeliness of Petitioner's refund claims is based solely on the agreements between the Respondent and Petitioner. However, such agreements merely extended the respective assessment periods, not the statute of limitations for Petitioner to change its apportionment method, thereby filing a refund claim. In addition, Respondent lacked the authority to extend the statute of limitations for filing a refund claim until 1995; thus, all refund claims related to any agreements that were executed prior to such authority being granted are invalid. Moreover, Respondent and Petitioner executed a settlement in 2002 for the corporate and sales taxes during the 1978-1994 tax periods; thus, any claim for refund during such period is invalid.

4. The Action Requested Of The Court, If Any:

Affirm the Department Determination and deny Petitioner's requested refund.

5. A Brief Summary of The Facts To Be Presented At The Hearing:

- a. Petitioner, formerly known as Duke Power Company, is a multi-state electricity manufacturer and power provider with operations in South Carolina. In addition, Petitioner's operations include a Treasury Department that invests Petitioner's excess capital in marketable securities, including municipal bonds, loan repurchase agreements, and commercial paper, thereby maximizing Petitioner's return and providing for Petitioner's short-term and long-term cash necessities.
- b. Petitioner timely filed its South Carolina corporate income tax returns (including license fee returns) for the 1978-2001 tax periods, whereby the Petitioner accurately computed its South Carolina taxable income by using the three factor apportionment method and properly included only the net gain from the sale of securities in its sales factor.

- c. Between August 16, 1988 and June 21, 2002, Petitioner and Respondent annually executed a South Carolina Department of Revenue and Taxation (formerly South Carolina Tax Commissions) Form FS-43, Consent to Extend the Time to Assess Tax ("Waivers of Assessment Period"), thereby extending the respective assessment periods.
- d. In December 1991, Petitioner filed amended South Carolina corporate income tax returns for the 1978-1983 tax periods, which reflected federal audit adjustments.
- e. In 2002, Respondent and Petitioner executed a settlement agreement for which Petitioner's corporate income tax and sales tax liabilities were settled for the 1978-1994 tax periods.
- f. Petitioner, believing that the Waivers of Assessment Period extended the statute of limitations, filed amended South Carolina corporate income tax returns for 1978 through 2001 requesting a substantial refund in December 2002.
- g. Petitioner raised three primary arguments in support of its claim for refund: (1) Petitioner is not required to calculate its income tax on a three-factor formula pursuant to S.C. Code Ann. § 12-6-2250 (Supp. 2008); (2) Petitioner is entitled to include sales of short-term investments in the denominator of its gross receipts factor; and (3) the income and expense of Crescent Resource Corporation was not properly allocated in the original return.
- h. In February 2003, Respondent denied Petitioner's adjustments for the 1978-2001 tax periods.
- i. Petitioner appealed Respondent's denial of the refund claims for the 1978-2001 tax periods.
- j. In June 2007, Petitioner filed amended South Carolina corporate income tax returns for the 1986-1998 tax periods, which reflected federal audit adjustments, seeking a refund based on the same arguments as above.
- k. In February 2008, Respondent denied Petitioner's adjustments for the 1986-1998 tax periods.
- l. Petitioner appealed Respondent's denial of the refund claims for the 1986-1998 tax periods.¹

¹ In its original Prehearing Statement, Petitioner asserted that because Respondent has not acted on Petitioner's appeal of the denied adjustments for the 1986-1998 tax periods, such returns are not before the Court. Respondent, however, firmly believes that because such returns and refund claims are encompassed in the 1978-2001 tax periods and predicated on the same facts and arguments as those tax periods, the returns for the 1986-1998 tax periods are properly before the Court.

- m. In a related sales tax audit, Duke has stated that it is entitled to claim a sales tax exemption pursuant to SC Code Ann. § 12-36-2120(17). As such, it has taken a position which is at odds with its position that it is not a "manufacturer" of electricity in this case.

6. A Summary Of Any Motions Expected To Be Raised At The Hearing And The Appropriate Authority Underlying The Motion:

Respondent anticipates submitting a motion for summary judgment or partial summary judgment to the extent there is no genuine issue of material facts underlying the legal questions in this case.

7. A List Of Proposed Witnesses And Exhibits:

Witnesses:

Respondent's Employee(s) will testify to the examination of the Petitioner's refund request and the Respondent's communications with the Petitioner (if testimony is deemed necessary).

Glenn J. Robinson will testify as to the definition of electricity, including the principles of the manufacturing of electricity, its scientific and technical intricacies, and industry standards.

The Respondent reserves the right to name additional witnesses, including a possible expert witness.

Exhibits:

Taxpayer's Refund Request
Department's Response to Refund Request
Taxpayer's Protest
Department's Determination

The Respondent reserves the right to name additional exhibits after discovery.

8. A Statement Regarding The Necessity For Discovery, If Any:

The Respondent and the Petitioner will submit a consent order to the Court with the express intent of limiting discovery and stipulating to the facts of the case to the extent possible. The consent order will address the need for discovery should an agreement as to all or part of the facts not be reached.

9. **The Estimated Time Required For The Hearing:**

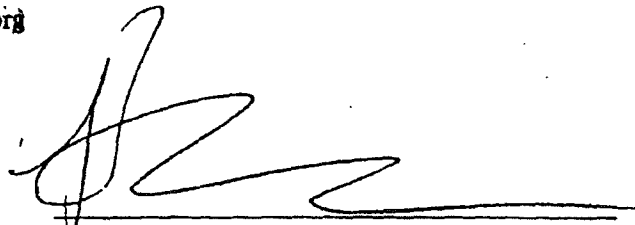
Respondent anticipates 2-3 days for the Hearing.

10. **Any dates in the next 120 days when you will not be available for a hearing:**

May 26, 27; June 24; July 27-29;

11. **An email address where you can be reached:**

hancoch@sctax.org



Harry A. Hancock (Bar No. 065233)
Counsel for Litigation
PO Box 12265
Columbia, SC 29211
Phone: 803-898-5598
Fax: 803-898-5147
Hancoch@sctax.org
Attorney for South Carolina
Department of Revenue

Columbia, South Carolina
November 30, 2010



Products & Services



Quality Turnkey Solutions

Quality outdoor lighting can add value to your business, making it more attractive and safe. Our turnkey solutions give you one less thing to worry about.

Small Business Center

Our specialists have the expertise to assess the energy needs of your small business.

Power Quality

Learn how you can diagnose power quality problems and identify solutions to keep your business up and running.

Foodservice

Test proven products and design safe, efficient, cool kitchens — before you make expensive decisions.

Outdoor Lighting

Our complete turnkey service includes equipment, installation, operation and maintenance — all for one monthly fee.

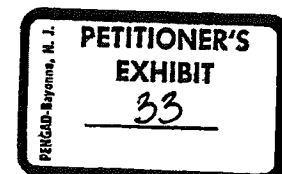
Equal Payment Plan

Enjoy the benefits of equalized monthly payments.

Palmetto Clean Energy (PaCE)

Learn how you can contribute to the advancement of technologies that promote the generation of electric energy through environmentally friendly, renewable resources, such as solar, wind, biomass and water.

©Duke Energy Corporation All Rights Reserved





Products & Services

What is Palmetto Clean Energy (PaCE)

Learn how you can contribute to the advancement of technologies that promote the generation of electric energy through environmentally friendly, renewable resources, such as solar, wind, biomass and water.

Home Repair Plans

Make your life a little easier and forget about the headaches of water heater, home wiring, and water line repair costs.

Equal Payment Plan

Enjoy the benefits of equalized monthly payments.

Carbon Offset Program

Learn what the Carbon Offset Program is all about and how you can sign up to participate in the program.

Duke Energy Connections

Learn how this free and simple service helps take the stress out of moving.

Outdoor Lighting

Our complete turnkey service includes equipment, installation, operation and maintenance — all for one monthly fee.

Energy Star

Energy Star is a government-backed symbol of quality that identifies a new home as being significantly more energy efficient than a standard home.

©Duke Energy Corporation All Rights Reserved



Outdoor Lighting South Carolina

Safer work environments. Property security. Enhanced curb appeal. Duke Energy Outdoor Lighting is your complete A-to-Z lighting provider for parking lots, perimeters, walkways, neighborhoods, campuses, roadways and more.

We offer quality lighting solutions at an affordable price. Our complete turnkey service includes equipment, installation, operation and maintenance — all for one monthly fee that can be added to your existing power bill.

Get everything you need from a single source. Our outdoor lighting program includes:

- Equipment
- Installation
- Project management
- Design
- Procurement
- Electricity
- "Dusk to dawn" lighting (photocell controlled)
- Ongoing maintenance and repair service
- All covered by one monthly fee on your regular power bill.

Contract lengths range from one to 10 years. Pricing varies based on choice of color and style, ranging from basic to decorative.



Acorn



Cobra



Cube



Deluxe
Acorn



Deluxe
Traditional



Floodlight



Open
Traditional



Post
Top



Shoebox



Six-
Sided
Traditional



Teardrop



Traditional

Pole Styles

Contact Us

[Download Lighting Brochure](#) (pdf, 564 KB)

[Changes to Mercury Vapor lighting fixture maintenance policy](#) (pdf, 52 KB)

©Duke Energy Corporation All Rights Reserved

Dhiaa M. Jamil

Executive Vice President and Chief Nuclear Officer



Dhiaa Jamil is executive vice president and chief nuclear officer for Duke Energy. He is responsible for the safe and efficient operation of the largest regulated nuclear generation fleet in the U.S., consisting of plants in North Carolina, South Carolina and Florida.

Jamil has more than 30 years of experience in the energy industry. Most recently, he served for three years as a group executive, chief generation officer and chief nuclear officer responsible for the safe and efficient operation of nuclear, fossil and hydro generation fleets across Duke Energy's five-state service territory. He was also responsible for the supply chain function.

He joined Duke Power in 1981 as a design engineer in the design engineering department. After a series of promotions, he was named electrical systems engineering supervisor of Oconee Nuclear Station in 1989 and electrical systems engineering manager in 1994. He was named maintenance manager of McGuire Nuclear Station in 1997, station manager in 1999 and site vice president of McGuire Nuclear Station in 2002. In that role, Jamil was responsible for all aspects of the safe and efficient operation of the nuclear site. In 2003, he was named site vice president of Catawba Nuclear Station. In 2006, Jamil was named senior vice president of nuclear support. He led the organization responsible for plant support, major projects and fuel management for Duke Energy's nuclear fleet. In addition, he was responsible for regulatory support, nuclear oversight and safety analysis functions. He was named chief nuclear officer in 2008 and chief generation officer in 2009. He assumed his current position in July 2012, following the Duke Energy/Progress Energy merger.

Jamil received a Bachelor of Science degree in electrical engineering from the University of North Carolina at Charlotte and has completed the Harvard Business School Advanced Management Program. He is a registered professional engineer in North Carolina and South Carolina. He also completed the Institute of Nuclear Power Operations' (INPO) senior nuclear plant management course and received Duke Energy's technical nuclear certification.

He is currently a member of the INPO Executive Advisory Group and the Nuclear Energy Institute's Nuclear Strategic Issues Advisory Committee Steering Group. He has completed a three-year assignment as a member of the Council of the National Academy for Nuclear Training and was a member of Dominion Energy Management Safety Review Advisory Committee, TVA Nuclear Safety Review Board and Pacific Gas & Electric Nuclear Safety Oversight Committee.

Jamil is currently a trustee at the University of North Carolina at Charlotte and serves as chair of the Energy Production and Infrastructure Center at UNC Charlotte. He also serves as a trustee of The Duke Energy Foundation.

Jamil and his wife, Hope, have a daughter and two sons.

Duke Energy, the largest electric power company in the United States, supplies and delivers electricity to approximately 7 million customers in the Southeast and Midwest. The company also distributes natural gas in Ohio and Kentucky. Its commercial power and international businesses operate diverse power generation assets in North America and Latin America, including a growing renewable energy portfolio. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 250 company traded on the New York Stock Exchange under the symbol DUK.

July 23, 2012



-----BEGIN PRIVACY-ENHANCED MESSAGE-----

Proc-Type: 2001,MIC-CLEAR

Generator-Name: webmaster@www.sec.gov

Generator-Key-Asymmetric:

Mr'gwCgYEVQgBAQICaf8DSgAwRwJAW2sNKK9AVtBzYZmr6aGjIWYK3XmZv3dTINen

TWSM7vrzLADbmYQaionwg5sDW3P6oaM5D3tdezXMm7z1T+B+twIDAQAB

MIC-Info: RSA-MD5,RSA,

MABktTECyVsLf7Y76w5lZPVmRo6WHEcaQt3zpkxrqmYeK2dzK+JGziyWW28dvnyi

2+y4NI7X4otEnKhnPxPreA==

<SEC-DOCUMENT>0001021408-02-004322.txt : 20020415

<SEC-HEADER>0001021408-02-004322.hdr.sgml : 20020415

ACCESSION NUMBER: 0001021408-02-004322

CONFORMED SUBMISSION TYPE: 10-K

PUBLIC DOCUMENT COUNT: 6

CONFORMED PERIOD OF REPORT: 20011231

FILED AS OF DATE: 20020328

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME: DUKE ENERGY CORP

CENTRAL INDEX KEY: 0000030371

STANDARD INDUSTRIAL CLASSIFICATION: ELECTRIC SERVICES [4911]

IRS NUMBER: 560205520

STATE OF INCORPORATION: NC

FISCAL YEAR END: 1231

FILING VALUES:

FORM TYPE: 10-K

SEC ACT: 1934 Act

SEC FILE NUMBER: 001-04928

FILM NUMBER: 02592336

BUSINESS ADDRESS:

STREET 1: 526 SOUTH CHURCH STREET

CITY: CHARLOTTE

STATE: NC

ZIP: 28201-1006

BUSINESS PHONE: 7045946200

MAIL ADDRESS:

STREET 1: 422 S CHURCH ST

CITY: CHARLOTTE

STATE: NC

ZIP: 28242

FORMER COMPANY:

FORMER CONFORMED NAME: DUKE POWER CO /NC/

DATE OF NAME CHANGE: 19920703

</SEC-HEADER>

DOCUMENT>

TYPE>10-K



<SEQUENCE>1
<FILENAME>d10k.txt
<DESCRIPTION>DUKE ENERGY CORPORATION
<EXT>
<FILE>

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001 or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-4928

DUKE ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

North Carolina 56-0205520
(State or other (I.R.S. Employer
jurisdiction of Identification No.)
incorporation or
organization)

526 South Church Street, 28202-1904
Charlotte, North Carolina
(Address of principal (Zip Code)
executive offices)
704-594-6200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<TABLE>
<CAPTION>

Title of each class -----	Name of each exchange on which registered -----
<S>	<C>
Common Stock, without par value	New York Stock Exchange, Inc.
6.375% Preferred Stock A, 1993 Series, par value \$25	New York Stock Exchange, Inc.
First and Refunding Mortgage Bonds, 6 5/8% Series B Due 2003	New York Stock Exchange, Inc.
First and Refunding Mortgage Bonds, 6 3/4% Due 2025	New York Stock Exchange, Inc.
First and Refunding Mortgage Bonds, 6 7/8% Series B Due 2023	New York Stock Exchange, Inc.
First and Refunding Mortgage Bonds, 7% Due 2033	New York Stock Exchange, Inc.
First and Refunding Mortgage Bonds, 7 1/2% Series B Due 2025	New York Stock Exchange, Inc.
7.20% Quarterly Income Preferred Securities issued by Duke Energy Capital	

Trust I and guaranteed by Duke Energy Corporation	New York Stock Exchange, Inc.
7.20% Trust Preferred Securities issued by Duke Energy Capital	
Trust II and guaranteed by Duke Energy Corporation	New York Stock Exchange, Inc.
Reference Stock Purchase Rights	New York Stock Exchange, Inc.
Series C 6.60% Senior Notes Due 2038	New York Stock Exchange, Inc.
Corporate Units	New York Stock Exchange, Inc.

</TABLE>

Securities registered pursuant to Section 12(g) of the Act:

Title of class

Preferred Stock, par value \$100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

<TABLE>

<S>

<C>

Estimated aggregate market value of the voting stock held by nonaffiliates of the registrant at February 28, 2002..... \$27,435,000,000

Number of shares of Common Stock, without par value, outstanding at February 28, 2002..... 778,199,474

</TABLE>

Documents incorporated by reference:

The registrant is incorporating herein by reference certain sections of the proxy statement relating to the 2002 annual meeting of shareholders to provide information required by Part III, Items 10, 11, 12 and 13 of this annual report.

<PAGE>

DUKE ENERGY CORPORATION
FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2001
TABLE OF CONTENTS

<TABLE>

<CAPTION>

Item	Page
<C> <S>	<C>
PART I	
1. Business.....	1
General.....	1
Franchised Electric.....	4
Natural Gas Transmission.....	8
Field Services.....	11
North American Wholesale Energy.....	13
International Energy.....	16
Other Energy Services.....	17
Duke Ventures.....	17
Environmental Matters.....	18
Geographic Regions.....	19

Employees.....	19
Operating Statistics.....	20
Executive Officers of Duke Energy.....	21
Properties.....	22
Legal Proceedings.....	24
4. Submission of Matters to a Vote of Security Holders.....	26

PART II.

5. Market for Registrant's Common Equity and Related Stockholder Matters.....	27
6. Selected Financial Data.....	28
7. Management's Discussion and Analysis of Results of Operations and Financial Condition	29
7A. Quantitative and Qualitative Disclosures About Market Risk.....	61
8. Financial Statements and Supplementary Data.....	62
9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.	111

PART III.

10. Directors and Executive Officers of the Registrant.....	111
11. Executive Compensation.....	111
12. Security Ownership of Certain Beneficial Owners and Management.....	111
13. Certain Relationships and Related Transactions.....	111

PART IV.

14. Exhibits, Financial Statement Schedule, and Reports on Form 8-K.....	112
Signatures.....	113
Exhibit Index.....	114

</TABLE>

OFFSHORE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Duke Energy's reports, filings and other public announcements may include statements that reflect assumptions, projections, expectations, intentions or beliefs about future events. These statements are intended as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Generally, the words "may," "could," "project," "believe," "anticipate," "expect," "estimate," "plan," "forecast," "intend" and similar words identify forward-looking statements, which generally are not historical in nature. All such statements (other than statements of historical facts), including statements regarding operating performance, financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations and events or developments that we expect or anticipate will occur in the future, are forward looking. Forward-looking statements are subject to certain risks and uncertainties that could, and often do, cause actual results to differ from Duke Energy's historical experience and our present expectations or projections. Accordingly, there can be no assurance that actual results will not differ materially from those expressed or implied by the forward-looking statements. Caution should be taken not to place undue reliance on any such forward-looking statements. For a discussion of some factors that could cause results to differ materially from those expressed or implied in such forward-looking statements, see "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues -- Forward-Looking Statements."

<PAGE>

PART I.

1. Business.

GENERAL

Duke Energy Corporation (collectively with its subsidiaries, Duke Energy), an integrated provider of energy and energy services, offers physical delivery and management of both electricity and natural gas throughout the U.S. and abroad. Duke Energy provides these and other services through seven business segments.

Franchised Electric generates, transmits, distributes and sells electricity in central and western North Carolina and western South Carolina. It conducts operations through Duke Power and Nantahala Power and Light. These electric operations are subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC), the North Carolina Utilities Commission (NCUC) and the Public Service Commission of South Carolina (PSCSC).

Throughout 2001, Natural Gas Transmission provided transportation and storage of natural gas for customers throughout North America, primarily in the Mid-Atlantic, New England and southeastern states. It conducted operations primarily through Duke Energy Gas Transmission Corporation. Through the acquisition of Westcoast Energy Inc. (Westcoast) on March 14, 2002, Natural Gas Transmission added a significant network of mostly Canadian-based natural gas assets, including transmission pipeline, storage capacity and distribution systems. (See "Natural Gas Transmission" in this section for additional information.) Interstate natural gas transmission and storage operations are subject to the FERC's rules and regulations.

Field Services gathers, processes, transports, markets and stores natural gas and produces, transports, markets and stores natural gas liquids (NGLs). It conducts operations primarily through Duke Energy Field Services, LLC (DEFS), which is approximately 30% owned by Phillips Petroleum. Field Services operates gathering systems in western Canada and 11 contiguous states in the U.S. Those systems serve major natural gas-producing regions in the Rocky Mountain, Permian Basin, Mid-Continent, East Texas-Austin Chalk-North Louisiana, and onshore and offshore Gulf Coast areas.

North American Wholesale Energy (NAWE) develops, operates and manages merchant generation facilities and engages in commodity sales and services related to natural gas and electric power. NAWE conducts these operations primarily through Duke Energy North America, LLC (DENA) and Duke Energy Trading and Marketing, LLC (DETM). DETM is approximately 40% owned by Exxon Mobil Corporation. NAWE also includes Duke Energy Merchants Holdings, LLC (DEM), which develops new business lines in the evolving energy commodity markets other than natural gas and power. NAWE conducts business primarily throughout the U.S. and Canada.

International Energy develops, operates and manages natural gas transportation and power generation facilities and engages in energy trading and marketing of natural gas and electric power. It conducts operations

primarily through Duke Energy International, LLC (DEI) and its activities target the Latin American, Asia-Pacific and European regions.

Other Energy Services is a combination of businesses that provide engineering, consulting, construction and integrated energy solutions worldwide, primarily through Duke Engineering & Services, Inc. (DE&S), Duke/Fluor Daniel (D/FD) and DukeSolutions, Inc. (DukeSolutions). D/FD is a 50/50 partnership between Duke Energy and Fluor Enterprises, Inc., a wholly owned subsidiary of Fluor Corporation. (See Note 8 to the Consolidated Financial Statements, "Investment in Affiliates and Related Party Transactions.") On January 31, 2002, Duke Energy announced the planned sale of DE&S to Framatome ANP, Inc. and, on March 13, 2002,

1

<PAGE>

Duke Energy announced the planned sale of DukeSolutions to Ameresco, Inc. (See "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues -- Subsequent Events.")

Duke Ventures is composed of other diverse businesses, operating primarily through Crescent Resources, LLC (Crescent), DukeNet Communications, LLC (DukeNet) and Duke Capital Partners, LLC (DCP). Crescent develops high-quality commercial, residential and multi-family real estate projects and manages land holdings primarily in the southeastern and southwestern U.S. DukeNet provides fiber optic networks for industrial, commercial and residential customers. DCP, wholly owned merchant banking company, provides debt and equity capital and financial advisory services to the energy industry.

Duke Energy is a North Carolina corporation. Its principal executive offices are located at 526 South Church Street, Charlotte, NC 28202-1803. The telephone number is 704-594-6200.

Certain terms used to describe Duke Energy's business are explained below.

Asset Optimization. The process of maximizing the returns on a portfolio of assets through the use of hedging strategies involving energy contracts.

British Thermal Unit (Btu). A standard unit for measuring thermal energy or heat commonly used as a gauge for the energy content of natural gas and other fuels.

Cubic Foot (cf). The most common unit of measurement of gas volume; the amount of natural gas required to fill a volume of one cubic foot under stated conditions of temperature, pressure and water vapor.

Distribution. The system of lines, transformers and switches that connect the electric transmission system to customers.

Federal Energy Regulatory Commission (FERC). The agency that regulates the transportation of electricity and natural gas in interstate commerce and authorizes the buying and selling of energy commodities at market-based rates.

Gathering System. Pipeline, processing and related facilities that access production and other sources of natural gas supplies for delivery to mainline transmission systems.

Generation. The process of transforming other forms of energy, such as nuclear or fossil fuels, into electricity. Also, the amount of electric energy produced, expressed in megawatt-hours.

Greenfield Development. The development of a new power generating facility on an undeveloped site.

Independent System Operator (ISO). An entity that ensures non-discriminatory access to a regional transmission system, providing all customers access to the power exchange and clearing all bilateral contract requests for use of the electric transmission system. Also responsible for maintaining bulk electric system reliability.

Liquid Market. A market in which selling and buying can be accomplished with minimal price change; such a market has a high level of trading activity and open interest.

Liquefied Natural Gas (LNG). Natural gas that has been converted to a liquid by cooling it to -260 degrees Fahrenheit.

Local Distribution Company (LDC). A company that obtains the major portion of its revenues from the operations of a retail distribution system for the delivery of electricity or gas for ultimate consumption.

2

<PAGE>

Logistics & Optimization. The act of maximizing physical positions through arbitrage, especially on contractual assets such as storage, transportation, generation and transmission.

Mark-to-Market. The process whereby derivatives or energy trading contracts are adjusted to market value, and the unrealized gain or loss is recognized in current earnings and on the balance sheet.

Natural Gas. A naturally occurring mixture of hydrocarbon and non-hydrocarbon gases found in porous geological formations beneath the earth's surface, often in association with petroleum. The principal constituent is methane.

Natural Gas Liquids (NGLs). Liquid hydrocarbons extracted during the processing of natural gas. Principal commercial NGLs include butanes, propane, natural gasoline and ethane.

Origination. Identification and execution of physical energy related transactions throughout the value chain.

Peak Load. The amount of electricity required during periods of highest demand. Peak periods fluctuate by season, generally occurring in the morning

hours in winter and in late afternoon during the summer.

Throughput. The amount of natural gas or natural gas liquids transported through a pipeline system.

Tolling. Process whereby a party moves fuel to a power generator and receives kilowatt hours in return for a pre-established fee.

Transmission System (Electric). An interconnected group of electric transmission lines and related equipment for moving or transferring electric energy in bulk between points of supply and points at which it is transformed for delivery over a distribution system to customers, or for delivery to other electric transmission systems.

Transmission System (Natural Gas). An interconnected group of natural gas pipelines and associated facilities for transporting natural gas in bulk between points of supply and delivery points to industrial customers, local distribution companies, or for delivery to other natural gas transmission systems.

Volatility. An annualized measure of the fluctuation in the price of an energy contract. Implied volatility is a measure of what the market values volatility to be, as reflected in the option's price.

Watt. A measure of power production or usage equal to one joule per second.

The following sections describe the business and operations of each of Duke Energy's segments. (For more information on the operating outlook of Duke Energy and its segments, see "Management's Discussion and Analysis of Results of Operations and Financial Condition, Introduction -- Business Strategy." For financial information on Duke Energy's business segments, see Note 3 to the Consolidated Financial Statements, "Business Segments.")

3

<PAGE>

FRANCHISED ELECTRIC

Service Area and Customers

Franchised Electric generates, transmits, distributes and sells electricity. Its service area covers about 22,000 square miles with an estimated population of 5.7 million in central and western North Carolina and western South Carolina. Franchised Electric supplies electric service to approximately two million residential, commercial and industrial customers over 92,000 miles of distribution lines and a 12,700 mile transmission system. Electricity is sold wholesale to incorporated municipalities and to public and private utilities. In addition, municipal and cooperative customers who purchased portions of the Catawba Nuclear Station buy power through contractual agreements. (For statistics related to gigawatt-hour sales by customer type, see "Operating Statistics" in this section. For more information on the Catawba Nuclear Station joint ownership, see Note 5 to the Consolidated Financial Statements, "Joint Ownership of Generating Facilities.")

Industrial and commercial development in Franchised Electric's service area highly diversified. The textile industry, machinery and equipment manufacturing, and chemical industries are of major significance to the area's economy. Other industries operating in the area include rubber and plastic products, paper and related products, and other manufacturing and service businesses. The textile industry, the largest industry served by Franchised Electric, accounted for approximately \$353 million of Franchised Electric's revenues for 2001, representing 8% of total electric revenues and 32% of industrial revenues. Franchised Electric normally experiences seasonal peak loads in summer and winter.

[MAP OF SERVICE AREA]

4

<PAGE>

Energy Capacity and Resources

Electric energy for Franchised Electric's customers is generated by three nuclear generating stations with a combined net capacity of 5,409 megawatts (MW) (including 12.5% ownership in the Catawba Nuclear Station), eight coal-fired stations with a combined capacity of 7,572 MW, 31 hydroelectric stations with a combined capacity of 2,791 MW and six combustion turbine stations with a combined capacity of 2,081 MW. Energy and capacity are also supplied through contracts with other generators and purchased on the open market. Franchised Electric has interconnections and arrangements with its neighboring utilities to facilitate planning, emergency assistance, exchange of capacity and energy, and reliability of power supply. Franchised Electric expects that additional construction, purchased power contracts and open market purchases will meet customers' energy needs in the future. (For statistics on sources of electric energy, see "Operating Statistics" in this section.)

Fuel Supply

Franchised Electric relies principally on coal and nuclear fuel for its generation of electric energy. The following table lists Franchised Electric's sources of power and fuel costs for the three years ending December 31, 2001.

<TABLE>

<CAPTION>

	Cost of Fuel per Net Generation by Source Kilowatt-hour					
	(Percent)			Generated (Cents)		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Coal.....	50.9	50.9	50.4	1.48	1.29	1.33
Nuclear(a).....	48.6	48.1	48.0	0.42	0.42	0.43
Oil and gas(b).....	0.2	0.5	0.8	11.48	7.32	4.51

All fuels (cost based on weighted

average)(a).....	99.7	99.5	99.2	0.98	0.91	0.92
Hydroelectric(c).....	0.3	0.5	0.8			

-----	-----	-----
100.0	100.0	100.0
=====	=====	=====

<TABLE>

-
- (a) Statistics related to nuclear generation and all fuels reflect Franchised Electric's 12.5% ownership interest in the Catawba Nuclear Station.
 - (b) Cost statistics include amounts for light-off fuel at Franchised Electric's coal-fired stations.
 - (c) Generating figures are net of output required to replenish pumped storage units during off-peak periods.

Coal. Franchised Electric meets its coal demand through purchase supply contracts and spot agreements. Large amounts of coal are obtained under supply contracts with mining operators who mine both underground and at the surface. Franchised Electric has an adequate supply of coal to fuel its current operations. Expiration dates for its supply contracts, which have price adjustment provisions, range from 2002 to 2003. Duke Energy expects to renew these contracts or enter into similar contracts with other suppliers for the quantities and quality of coal required. The coal purchased under these contracts is produced from mines in eastern Kentucky, southern West Virginia and southwestern Virginia. Franchised Electric uses spot market purchases to meet coal requirements not met by supply contracts.

The average sulfur content of coal purchased by Franchised Electric is approximately 1%. This satisfies the current emission limitation for sulfur dioxide for existing facilities. (See "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues--Environmental, Air Quality Control" for additional information regarding particulate matter.)

Nuclear. Developing nuclear generating fuel generally involves the mining and milling of uranium ore to produce uranium concentrates, the conversion of uranium concentrates to uranium hexafluoride gas, enrichment of that gas, and then the fabrication of the enriched uranium hexafluoride into usable fuel assemblies.

5

<PAGE>

Franchised Electric has contracted for uranium materials and services required to fuel the Oconee, McGuire and Catawba Nuclear Stations. Uranium concentrates, conversion services and enrichment services are primarily met through a diversified portfolio of long-term supply contracts. The contracts are diversified by supplier, country of origin and pricing. Franchised Electric staggers its contracting so that its portfolio of long-term contracts covers the majority of its fuel requirements at Oconee, McGuire, and Catawba in the near term, but so that its level of coverage decreases each year into the future. Due to the technical complexities of changing suppliers of fuel fabrication services, Franchised Electric generally sole sources these services from domestic suppliers on a plant by plant basis using multi-year contracts.

<CAPTION>

Category	Value
Category 1	Value 1
Category 2	Value 2
Category 3	Value 3
Category 4	Value 4
Category 5	Value 5
Category 6	Value 6
Category 7	Value 7
Category 8	Value 8
Category 9	Value 9
Category 10	Value 10
Category 11	Value 11
Category 12	Value 12
Category 13	Value 13
Category 14	Value 14
Category 15	Value 15
Category 16	Value 16
Category 17	Value 17
Category 18	Value 18
Category 19	Value 19
Category 20	Value 20
Category 21	Value 21
Category 22	Value 22
Category 23	Value 23
Category 24	Value 24
Category 25	Value 25
Category 26	Value 26
Category 27	Value 27
Category 28	Value 28
Category 29	Value 29
Category 30	Value 30
Category 31	Value 31
Category 32	Value 32
Category 33	Value 33
Category 34	Value 34
Category 35	Value 35
Category 36	Value 36
Category 37	Value 37
Category 38	Value 38
Category 39	Value 39
Category 40	Value 40
Category 41	Value 41
Category 42	Value 42
Category 43	Value 43
Category 44	Value 44
Category 45	Value 45
Category 46	Value 46
Category 47	Value 47
Category 48	Value 48
Category 49	Value 49
Category 50	Value 50
Category 51	Value 51
Category 52	Value 52
Category 53	Value 53
Category 54	Value 54
Category 55	Value 55
Category 56	Value 56
Category 57	Value 57
Category 58	Value 58
Category 59	Value 59
Category 60	Value 60
Category 61	Value 61
Category 62	Value 62
Category 63	Value 63
Category 64	Value 64
Category 65	Value 65
Category 66	Value 66
Category 67	Value 67
Category 68	Value 68
Category 69	Value 69
Category 70	Value 70
Category 71	Value 71
Category 72	Value 72
Category 73	Value 73
Category 74	Value 74
Category 75	Value 75
Category 76	Value 76
Category 77	Value 77
Category 78	Value 78
Category 79	Value 79
Category 80	Value 80
Category 81	Value 81
Category 82	Value 82
Category 83	Value 83
Category 84	Value 84
Category 85	Value 85
Category 86	Value 86
Category 87	Value 87
Category 88	Value 88
Category 89	Value 89
Category 90	Value 90
Category 91	Value 91
Category 92	Value 92
Category 93	Value 93
Category 94	Value 94
Category 95	Value 95
Category 96	Value 96
Category 97	Value 97
Category 98	Value 98
Category 99	Value 99
Category 100	Value 100

Duke Energy entered into a contract with the Department of Energy (DOE) to use mixed oxide fuel at its McGuire and Catawba Nuclear Stations. Mixed oxide fuel is fabricated from plutonium from the government's surplus plutonium and is similar to conventional uranium fuel. Before using the fuel, Duke Energy must apply for and obtain amendments to the facilities' operating licenses from the Nuclear Regulatory Commission (NRC). Mixed oxide fuel is scheduled to be used at McGuire and Catawba Nuclear Stations no earlier than 2007.

After spent fuel is removed from a nuclear reactor, it is cooled in a spent fuel pool at the nuclear station. Under provisions of the Nuclear Waste Policy Act of 1982, Duke Energy contracted with the DOE for the disposal of spent nuclear fuel. The DOE failed to begin accepting spent nuclear fuel on January 31, 1998, the date specified by the Nuclear Waste Policy Act and in Duke Energy's contract with the DOE. In 1998, Duke Energy filed a claim with the U.S. Court of Federal Claims against the DOE related to the DOE's failure to

6

<PAGE>

accept commercial spent nuclear fuel by the required date. Damages claimed in the lawsuit are based upon Duke Energy's costs incurred as a result of the DOE's partial material breach of its contract, including the cost of securing additional spent fuel storage capacity. Duke Energy will continue to safely manage its spent nuclear fuel until the DOE accepts it.

Competition

Electric industry restructuring is changing the industry. Duke Energy is monitoring progress toward a more competitive environment and actively participates in regulatory reform deliberations in North Carolina and South Carolina. However, movement toward retail deregulation in these and other states has slowed due to recent deregulation developments in California. (For more information, see "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues--Electric Competition and Current Issues--California Issues.")

Franchised Electric competes in some areas with government-owned power systems, municipally owned electric systems, rural electric cooperatives and other private utilities. By statute, the NCUC and the PSCSC assign all service areas outside municipalities in North Carolina and South Carolina to regulated electric utilities and rural electric cooperatives. Substantially all of the territory comprising Franchised Electric's service area has been assigned in this manner. In unassigned areas, Franchised Electric's business remains subject to competition. A decision of the North Carolina Supreme Court limits, in some instances, the right of North Carolina municipalities to serve customers outside their corporate limits. In South Carolina, competition continues between municipalities and other electric suppliers outside the municipalities' corporate limits, subject to the regulation of the PSCSC. In addition, Franchised Electric continues to compete with natural gas providers.

Regulation

The NCUC and the PSCSC approve rates for retail electric sales within their respective states. The FERC approves Franchised Electric's rates for some electric sales to wholesale customers. (For more information on rate matters, see Note 4 to the Consolidated Financial Statements, "Regulatory Matters--Franchised Electric.") The FERC, the NCUC and the PSCSC also have authority over the construction and operation of Franchised Electric's utilities. Certificates of public convenience and necessity issued by the FERC, the NCUC and the PSCSC authorize Franchised Electric to construct and

operate its electric facilities, and to sell electricity to retail and wholesale customers. Prior approval from the NCUC and the PSCSC is required to issue securities.

NCUC, PSCSC and FERC regulations govern access to regulated electric customer data by non-regulated entities, and services provided between regulated and non-regulated affiliated entities. These regulations affect NAWES and Other Energy Services' activities with Franchised Electric.

The Energy Policy Act of 1992 and the FERC's subsequent rulemaking activities opened the wholesale energy market to competition. Open-access transmission for wholesale customers, as defined by the FERC's rules, provides energy suppliers, including Duke Energy, with opportunities to sell and deliver capacity and energy at market-based prices. From the FERC's open-access rule, Franchised Electric obtained the rights to sell capacity and energy at market-based rates from its own assets, which allows Franchised Electric to purchase, at attractive rates, a portion of its capacity and energy requirements; resulting in lower overall costs to customers. Open access also provides Franchised Electric's existing wholesale customers with opportunities to seek other competitive suppliers for their capacity and energy requirements.

In 1999 and 2000, the FERC issued its Order 2000 and Order 2000-A regarding Regional Transmission Organizations (RTOs). These orders set minimum characteristics and functions RTOs must meet, including independent authority to establish the terms and conditions of transmission service over the facilities they control. The orders provide for an open and flexible RTO structure to meet the needs of the market, and for the possibility of incentive making and other benefits for transmission owners that participate.

7

<PAGE>

As a result of these rulemakings, Duke Energy and two other investor-owned utilities, Carolina Power & Light Company and South Carolina Electric & Gas Company, planned to establish GridSouth Transco, LLC (GridSouth), as an RTO responsible for the control of the companies' combined transmission systems. In March 2001, GridSouth received provisional approval from the FERC. However, in July 2001, the FERC issued orders recommending that utilities throughout the U.S. combine their transmission systems to create four large independent regional operators, one each in the Northeast, Southeast, Midwest and West. The FERC ordered GridSouth and other utilities in the Southeast to join in 45 days of mediation to negotiate terms of a Southeast RTO. The FERC has not issued an order specifically based on those proceedings.

Duke Energy, Carolina Power & Light Company and South Carolina Electric & Gas Company remain committed to the GridSouth RTO, but due to regulatory uncertainties in the RTO arena, the companies have withdrawn their applications to the PSCSC and NCUC to transfer functional control of their electric transmission assets to GridSouth. The companies intend to file new applications before the state commissions in the near future, including a revised GridSouth structure designed to meet the needs of customers and regulators. Also, in January of 2002, GridSouth signed a memorandum of understanding with the representatives of SeTrans Grid Company (SeTrans), a group of investor-owned

utilities and public power entities in several southeastern states seeking to form an RTO, to cooperate in discussing potential operational relationships between GridSouth and SeTrans and the structure of wholesale electric markets in the southeast U.S.

The actual structure of GridSouth or an alternative combined transmission structure and the date it will become operational depend upon the resolution of all regulatory approvals and technical issues. Management believes that the result of this process, and the establishment and operation of GridSouth or an alternative combined transmission system structure, will have no material adverse effect on Duke Energy's future consolidated results of operations, cash flows or financial position.

Franchised Electric is subject to the NRC jurisdiction for the design, construction and operation of its nuclear generating facilities. In 2000, the NRC renewed the operating license for Duke Energy's three Oconee nuclear units through 2033 and 2034. Applications to renew the operating licenses for Duke Energy's Catawba and McGuire nuclear units were filed with the NRC in June 2001. These operating licenses currently expire between 2021 and 2026. Franchised Electric's hydroelectric generating facilities are licensed by the FERC under Part I of the Federal Power Act, with license terms expiring from 2002 to 2036.

The FERC has authority to extend hydroelectric generating licenses. Duke Energy expects to receive a new license for one of its hydroelectric facilities by the end of 2002. Other hydroelectric facilities whose licenses expire between 2005 and 2008 are in various stages of relicensing.

Franchised Electric is subject to the jurisdiction of the Environmental Protection Agency (EPA) and state environmental agencies. (For a discussion of environmental regulation, see "Environmental Matters" in this section.)

NATURAL GAS TRANSMISSION

During 2001, Natural Gas Transmission provided transportation and storage of natural gas for customers primarily in the Mid-Atlantic, New England and southeastern states of the U.S. It conducted operations primarily through Texas Eastern Transmission, LP (Texas Eastern), Algonquin Gas Transmission Company (Algonquin), East Tennessee Natural Gas Company (ETNG) and Market Hub Partners (MHP). Through the acquisition of Westcoast on March 14, 2002, Natural Gas Transmission added a significant network of mostly Canadian-based natural gas assets, including transmission and gathering pipelines, storage capacity and distribution systems. (For more information on the Westcoast acquisition, see Note 2 to the Consolidated Financial Statements, "Business Acquisitions and Dispositions.")

<PAGE>

Investments in 2001 included a 37.5% ownership interest in the Maritimes & Northeast Pipeline (Maritimes & Northeast), which has a design capacity of 530 million cubic feet per day (MMcf/d) in Canada and 422 MMcf/d in the U.S. Maritimes & Northeast was placed in service and received the first delivery of

natural gas from the Sable Offshore Energy Project near Nova Scotia in December 1999. During 2001, Duke Energy operated the U.S. portion of Maritimes & Northeast. Natural gas deliveries by Maritimes & Northeast were 166 trillion British thermal units (BTU) in 2001 and 145 BTU in 2000. As part of the Westcoast acquisition, Duke Energy's ownership interest in Maritimes & Northeast increased to 75%.

On February 1, 2001, Duke Energy and The Williams Companies, Inc. (Williams) jointly purchased Gulfstream Natural Gas System, LLC from the Coastal Corporation. When completed, the approximately 750-mile Gulfstream gas pipeline will originate near Mobile, Alabama, and cross the Gulf of Mexico to deliver natural gas to the growing Florida electric generation market. Construction began during mid-2001 and the system is expected to be in-service in two phases, in mid-2002 and mid-2003. Duke Energy and Williams will jointly operate the pipeline.

For 2001, Natural Gas Transmission's proportional throughput for its pipelines totaled 1,710 BTU, compared to 1,771 BTU in 2000, a 3% decrease. This includes throughput on Natural Gas Transmission's wholly-owned interstate pipelines and its proportional share of throughput on equity investment pipelines. (See natural gas delivery statistics under "Operating Statistics" in this section.) A majority of Natural Gas Transmission's contracted volumes are under long-term firm service agreements with local distribution company (LDC) customers in the pipelines' market areas. Firm transportation services are also provided to gas marketers, producers, other pipelines, electric power generators and a variety of end-users. In addition, the pipelines provide both firm and interruptible transportation to various customers on a short-term or seasonal basis. Demand on Natural Gas Transmission's interstate pipeline systems is seasonal, with the highest throughput occurring during colder periods in the first and fourth quarters. Natural Gas Transmission's major pipeline customers are located in Pennsylvania, New Jersey, Connecticut, Virginia, Tennessee, Rhode Island and New York.

[MAP OF SERVICE AREA]

9

<PAGE>

Prior to the acquisition of Westcoast on March 14, 2002, Natural Gas Transmission's interstate pipeline systems consisted of approximately 12,000 miles of pipe, including 830 miles related to Duke Energy's ownership interest in Maritimes & Northeast. The pipeline systems received natural gas from major North American producing regions for delivery to markets primarily in the Mid-Atlantic, southeastern and New England states.

MHP owns natural gas salt cavern facilities in south Texas and Louisiana with a total storage capacity of approximately 26 billion cubic feet (Bcf). MHP provides high deliverability firm storage services, real-time title tracking and other interruptible storage hub services to producers, end-users, LDCs, pipelines and natural gas marketers. Texas Eastern and ETNG also provide firm and interruptible open-access storage services. Storage is offered as a stand-alone unbundled service or as part of a no-notice bundled service with transportation. Texas Eastern has two joint-venture storage facilities in

Pennsylvania and one wholly owned and operated storage field in Maryland. Texas Eastern's certificated working capacity in these three fields is 75 Bcf. ETNG

owns a liquefied natural gas storage facility in Tennessee with a certificated working capacity of 1.2 Bcf. Algonquin owns no storage fields.

The acquisition of Westcoast on March 14, 2002, added approximately 9,800 miles of transmission pipeline, approximately 2,400 miles of gathering pipeline and approximately 19,700 miles of distribution pipeline to Natural Gas Transmission's systems. This includes proportional ownership interest in all pipelines that are not wholly owned. The Westcoast acquisition also added approximately 150 Bcf of natural gas storage capacity. The assets acquired in the Westcoast acquisition are primarily located in western Canada, Ontario and along Canada's Atlantic Coast. The U.S. assets acquired in the Westcoast acquisition are primarily located around the Great Lakes and the Northeast U.S.

Competition

Duke Energy's interstate pipeline and storage subsidiaries compete with other interstate and intrastate pipeline and storage facilities in the transportation and storage of natural gas. Natural Gas Transmission competes directly with other interstate pipelines serving the Mid-Atlantic, northeastern and southeastern states, and storage facilities in south Texas and Louisiana. With the acquisition of Westcoast, Natural Gas Transmission will also compete directly with other Canadian based pipelines and storage facilities. The principal elements of competition are rates, terms of service, and flexibility and reliability of service.

Natural gas competes with other forms of energy available to Duke Energy's customers and end-users, including electricity, coal and fuel oils. The primary competitive factor is price. Changes in the availability or price of natural gas and other forms of energy, the level of business activity, conservation, legislation, governmental regulations, the capability to convert to alternative fuels, weather and other factors affect the demand for natural gas in the areas served by Duke Energy.

Regulation

The FERC has authority to regulate rates and charges for natural gas transported in or stored for interstate commerce or sold by a natural gas company via interstate commerce for resale. (For more information on rate matters, see Note 4 to the Consolidated Financial Statements, "Regulatory Matters--Natural Gas Transmission.") The FERC also has authority over the construction and operation of pipelines and related facilities used in the transportation, storage and sale of natural gas in interstate commerce, including the extension, enlargement or abandonment of such facilities. Texas Eastern, Algonquin, ETNG, MHP and Maritimes & Northeast hold certificates of public convenience and necessity issued by the FERC, authorizing them to construct and operate pipelines, facilities and related properties, and to transport and store natural gas via interstate commerce.

As required by FERC Order 636, Natural Gas Transmission's pipelines operate open-access transporters of natural gas, providing unbundled firm and interruptible transportation and storage services on an equal basis for all gas supplies, whether purchased from the pipeline or from another gas supplier.

AGE>

The FERC regulations govern access to regulated natural gas transmission customer data by non-regulated entities and to services provided between regulated and non-regulated affiliated entities. These regulations affect the activities of NAWA with Natural Gas Transmission.

Natural Gas Transmission is subject to the jurisdiction of the EPA and state environmental agencies. (For a discussion of environmental regulation, see "Environmental Matters" in this section.) Natural Gas Transmission is also subject to the Natural Gas Pipeline Safety Act of 1968, which regulates gas pipeline and liquefied natural gas plant safety requirements.

The Canadian assets acquired through the Westcoast acquisition are subject to regulation by the National Energy Board and provincial agencies within Canada, such as the Ontario Energy Board and the British Columbia Utilities Commission.

FIELD SERVICES

Field Services gathers, processes, transports, markets and stores natural gas and produces, transports, markets and stores NGLs. Field Services gathers natural gas from production wellheads in western Canada and 11 contiguous states in the U.S. Those systems serve major gas-producing regions in the Rocky Mountain, Permian Basin, Mid-Continent, East Texas-Austin Chalk-North Louisiana basins, as well as onshore and offshore Gulf Coast areas. Field Services owns and operates approximately 57,000 miles of natural gas gathering systems with approximately 40,000 active receipt points. Field Services conducts its operations primarily through DEFS, which is approximately 30% owned by Phillips Petroleum.

Field Services' natural gas processing operations separate raw natural gas that has been gathered on its systems and third-party systems into NGLs and residue gas. Field Services processes the raw natural gas at the 64 natural gas processing facilities that it owns and operates and at 12 third-party operated facilities in which it has an equity interest.

The NGLs separated from the raw natural gas are either sold and transported as NGL raw mix or further separated through a process known as fractionation into their individual components (ethane, propane, butanes and natural gasoline) and then sold as components. Field Services fractionates NGL raw mix at 12 processing facilities that it owns and operates and at two third-party operated fractionators in which it has an equity interest. Field Services sells NGLs to a variety of customers ranging from large, multi-national petrochemical and refining companies to small regional retail propane distributors. Substantially all of its NGL sales are made at market-based prices. At four plants, Field Services also extracts helium from the residue gas stream.

The residue gas separated from the raw natural gas is sold at market-based prices to marketers or end-users, including large industrial customers and natural gas and electric utilities serving individual consumers. Field Services

markets residue gas through its wholly-owned gas marketing company. Field Services also stores residue gas at its nine billion cubic foot natural gas storage facility.

The following map includes Field Services' natural gas gathering systems, intrastate pipelines, regional offices and supply areas. The map also shows Natural Gas Transmission's interstate pipeline systems.

11

<PAGE>

[MAP OF SERVICE AREA]

Field Services also owns Texas Eastern Products Pipeline Company (TEPPCO), the general partner of TEPPCO Partners, L.P., a publicly traded limited partnership which owns and operates a network of pipelines for refined products and crude oil. TEPPCO is responsible for the management and operations of TEPPCO Partners, L.P.

Field Services' operating results are significantly impacted by changes in NGL prices, which decreased approximately 15% in 2001 compared to 2000. (See "Management's Discussion and Analysis of Results of Operations and Financial Condition, Quantitative and Qualitative Disclosures About Market Risk" for a discussion of Field Services' exposure to changes in commodity prices.)

Field Services' activities can fluctuate in response to seasonal demand for natural gas. (See Field Services' "Operating Statistics" in this section.)

Competition

Field Services competes with major integrated oil companies, major interstate and intrastate pipelines, national and local natural gas gatherers, and brokers, marketers and distributors for natural gas supplies, in gathering and processing natural gas and in marketing and transporting natural gas and NGLs. Competition for natural gas supplies is based primarily on the reputation, efficiency and reliability of operations, the availability of gathering and transportation to high demand markets, the pricing arrangement offered by the gatherer/processor and the ability of the gatherer/processor to obtain a satisfactory price for the producer's residue gas and extracted NGLs. Competition for sales customers is based primarily upon reliability and price of delivered natural gas and NGLs.

12

<PAGE>

Regulation

The intrastate pipelines owned by Field Services are subject to state regulation. To the extent they provide services under Section 311 of the Natural Gas Policy Act of 1978, they are also subject to FERC regulation. However, most of Field Services' natural gas gathering activities are not subject to FERC regulation.

Field Services is subject to the jurisdiction of the EPA and state environmental agencies. (For more information, see "Environmental Matters" in section.) Some Field Services' operations are subject to the jurisdiction of the Department of Transportation and state transportation agencies. Their regulations have incorporated certain provisions of the Natural Gas Pipeline Safety Act of 1968, the Hazardous Liquid Pipeline Safety Act of 1979 and subsequent amendments.

Field Services' Canadian assets are regulated by the Alberta Energy and Utilities Board and the National Energy Board.

NORTH AMERICAN WHOLESALE ENERGY

NAWE develops, operates and manages merchant generation facilities and engages in commodity sales and services related to natural gas and electric power. NAWA conducts these operations primarily through DENA and DETM. DETM is approximately 40% owned by Exxon Mobil Corporation. NAWA also includes DEM, which develops new business lines in the evolving energy commodity markets other than natural gas and power. NAWA conducts business primarily throughout the U.S. and Canada.

DENA is an integrated energy business that develops, owns and manages a portfolio of merchant generation facilities. Through its portfolio management strategy, DENA invests in markets that have capacity needs and divests its assets, in whole or in part, when significant value can be realized. DENA captures additional value by combining its project development, commercial and management expertise with the technical and operational skills of other Duke Energy business units to build and manage projects with maximum efficiency. DENA also supplies competitively priced energy, integrated logistics and asset optimization services, as well as risk management products, to wholesale energy customers.

DENA currently owns, operates or has substantial interests in approximately 7,406 MW of gross operating generation and has approximately 9,070 MW of projects under construction, which are slated for completion to meet summer peak demand (6,620 MW in 2002 and 2,450 MW in 2003). In addition, DENA has approximately 13,000 MW in advanced development scheduled to begin operation between 2003 and 2005.

13

<PAGE>

The following map shows DENA's power generation facilities.

[MAP OF SERVICE AREA]

DETM markets natural gas, electricity and other energy-related products to a wide range of customers across North America. Duke Energy owns a 60% interest in DETM's natural gas and electric power trading operations, with Exxon Mobil Corporation owning a 40% minority interest. Duke Energy and Exxon Mobil Corporation are in arbitration regarding the DETM ownership. (See "Management's Discussion and Analysis of Results of Operations and Financial Condition,

Current Issues--Litigation and Contingencies, Exxon Mobil Corporation Arbitration" and Note 15 to the Consolidated Financial Statements, "Commitments and Contingencies--Litigation and Contingencies.")

ETM markets natural gas primarily to LDCs, electric power generators (including DENA's generation facilities), municipalities, large industrial end-users and energy marketing companies. DETM markets electricity to investor-owned utilities, municipal power generators and other power marketers. DETM also provides energy management services, such as supply and market aggregation, peaking services, dispatching, balancing, transportation, storage, tolling, contract negotiation and administration, as well as energy commodity risk management products and services. Operations are primarily in the U.S. and, to a lesser extent, in Canada, and are serviced through three operating centers.

Natural gas marketing operations encompass both on-system and off-system supplies. On-system, DETM generally purchases natural gas from producers connected to Field Services' facilities and delivers the gas to an intrastate or interstate pipeline for redelivery to another customer, using Natural Gas Transmission's pipelines when prudent. Off-system, DETM purchases natural gas from producers, pipelines and other suppliers not connected with Duke Energy's facilities for resale to customers. DETM is committed to market substantially all of Exxon Mobil's U.S. and Canadian natural gas production through 2006.

DETM's electricity marketing operations involve purchasing electricity from third-party suppliers and from DENA's domestic generation facilities for resale to customers.

14

<PAGE>

The vast majority of DETM's portfolio of short-term and long-term sales agreements incorporate market-sensitive pricing terms. Long-term gas purchase agreements with producers, principally related to on-system supplies, also generally include market-sensitive pricing provisions. Purchase and sales commitments involving significant price and location risk are generally hedged with offsetting commitments and commodity futures, swaps and options. (For information concerning DETM's risk-management activities, see "Management's Discussion and Analysis of Results of Operations and Financial Condition, Quantitative and Qualitative Disclosures About Market Risk" and Note 7 to the Consolidated Financial Statements, "Derivative Instruments, Hedging Activities and Credit Risk.")

DEM conducts physical and financial marketing and trading in evolving global energy commodity markets, and provides energy, financial and asset management services to producers, transporters and users of energy commodities and derivative products. DEM also invests capital in limited hydrocarbon exploration and production prospects through non-operating working interests.

DETM's and DEM's activities can fluctuate in response to seasonal demand for electricity, natural gas and other energy-related commodities. (See "Operating Statistics" in this section.)

Competition

DETM competes for natural gas supplies and in marketing natural gas, electricity and other energy-related commodities. DETM competes for other energy-related commodities. Competitors include major integrated oil companies, major interstate pipelines and their marketing affiliates, brokers, marketers and distributors, electric utilities and other electric power marketers. The price of commodities and services delivered, along with the quality and reliability of services provided, drive competition in the energy marketing business.

DENA experiences substantial competition from utilities as well as other merchant electric generation companies in the U.S.

Regulation

NAWE's energy marketing activities may, in some circumstances, be subject to the jurisdiction of the FERC. Current FERC policies permit NAW's trading and marketing entities to market natural gas, electricity and other energy-related commodities at market-based rates, subject to FERC jurisdiction.

Most of DENA's operations are not subject to rate regulation. However, to the extent that DENA's generating stations in California sell to the California Independent System Operator electricity under "reliability must run" agreements, those sales are made at the FERC regulated rates.

As described in Note 15 to the Consolidated Financial Statements, "Commitments and Contingencies--California Issues," the causes of higher wholesale electric prices in California in 2000 are under investigation. During March 2001, the FERC ordered several electricity suppliers, including DETM, to (i) refund or offset prices bid for power in California during Stage 3 emergencies in January and February 2001, to the extent such prices exceeded a FERC-established proxy price, or (ii) submit information supporting the prices that were bid. During the months of January and February 2001, DETM's bids included a commercially-based credit premium to cover the substantial risk of nonpayment. As a result, the DETM bids exceeded the FERC-established proxy prices for January and February 2001. Although DETM believes that the credit premiums were appropriate, in a compliance filing with the FERC on March 23, 2001, DETM elected to offset the credit premium amounts against the bid prices, provided it collected payments based on the FERC-established proxy price. In June 2001, DETM offset approximately \$20 million against amounts owed by the California Independent System Operator and the California Power Exchange for electricity sales during January and February 2001. It is expected that the FERC will issue additional orders with respect to sales in California from October 2 through December 31, 2000, and periods following February 2001. Any such actions are subject to reconsideration or appeal. Management

<PAGE>

...eaves this matter will not have a material effect on Duke Energy's consolidated results of operations, cash flows or financial position.

NAWE is subject to federal, state and local environmental regulations. (For a discussion of environmental regulation, see "Environmental Matters" in this section.)

INTERNATIONAL ENERGY

International Energy develops, operates and manages natural gas and power generation facilities and engages in energy trading and marketing of natural gas and electric power. It conducts operations primarily through DEI and its activities target the Latin American, Asia-Pacific and European regions.

Liberalization of energy markets abroad and privatization of energy infrastructure are providing substantial growth opportunities for International Energy. In Latin America, the Asia-Pacific region and Europe, International Energy is building and managing integrated energy businesses by building, through development or acquisition, regional energy portfolios that include the control and operation of natural gas and power facilities, and energy trading and marketing businesses. From this platform, International Energy provides customers with energy supply at competitive prices, manages the logistics associated with natural gas and power delivery, and offers a number of services that allow customers to improve energy efficiency and hedge their commodity price exposure. International Energy's customers include retail distributors, electric utilities, independent power producers, large industrial companies, governments, gas and oil producers and mining operations. International Energy is committed to building integrated regional businesses that provide customers with a full range of innovative and competitively priced energy services.

International Energy owns, operates or has substantial interests in approximately 5,200 MW of generation facilities and 1,100 miles of pipeline systems. The following map shows the locations of International Energy's worldwide energy facilities, including projects under construction or under contract.

[MAP OF SERVICE AREA]

16

<PAGE>

Competition and Regulation

International Energy's operations are subject to country and region-specific market and competition regulations. Commonly addressed regulatory issues include: rules governing open and competitive access to the gas and power transmission grids, dispatch rules for merchant power plant dispatch and remuneration, and rules that support the emergence of competitive gas and power trading and marketing.

International Energy's operations are subject to international environmental regulations. (For a discussion of environmental regulation, see "Environmental Matters.")

OTHER ENERGY SERVICES

Other Energy Services provides engineering, consulting, construction and integrated energy solutions worldwide, primarily through DE&S, D/FD and DukeSolutions.

DE&S specializes in energy and environmental projects and provides comprehensive engineering, quality assurance, project and construction management, and operating and maintenance services for all phases of hydroelectric, nuclear and renewable power generation, transmission and distribution projects worldwide. On January 31, 2002, Duke Energy announced the planned sale of DE&S to Framatome ANP, Inc. (For more information, see "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues--Subsequent Events.")

D/FD, operating through several entities, provides full-service siting, permitting, licensing, engineering, procurement, construction, start-up, operating and maintenance services for fossil-fired plants, both domestically and internationally. Subsidiaries of Duke Energy and Fluor Enterprises, Inc. each own 50% of D/FD.

DukeSolutions provides energy consulting services to large end-users of energy by identifying and affecting points in a customer's operations where energy-related costs are incurred, including procurement, production and disposal. DukeSolutions provides strategic solutions to reduce costs when customers buy energy, convert it into a usable form, use it to manufacture products and dispose of waste. On March 13, 2002, Duke Energy announced the planned sale of DukeSolutions to Ameresco, Inc. (For more information see "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues--Subsequent Events.")

Other Energy Services competes with utilities and independent energy companies in the U.S. and abroad.

Other Energy Services is subject to the jurisdiction of the EPA and international, state and local environmental agencies. (For a discussion of environmental regulation, see "Environmental Matters" in this section.)

DUKE VENTURES

Duke Ventures is composed of other diverse businesses, primarily operating through Crescent, DukeNet and DCP.

Crescent develops high-quality commercial, residential and multi-family real estate projects, and manages land holdings in the southeastern and southwestern U.S. On December 31, 2001, Crescent owned 3.0 million square feet of commercial, industrial and retail space, with an additional 1.5 million square feet under construction. This portfolio included 2.3 million square feet of office space, 1.5 million square feet of warehouse space and .7 million square feet of retail space. Crescent's residential developments include high-end, country club and golf course communities with individual lots sold to custom builders and tract developments with sales to national builders. In 2001, Crescent had three multi-family communities in Florida. On December 31, 2001, Crescent also had approximately 140,000 acres of land under its management.

AGE

DukeNet provides fiber optic networks for industrial, commercial and residential customers and plans to enable networks for energy services applications. It owns and operates a 1,230-mile fiber optic communications network centered in the Carolinas and interconnected, through affiliate agreements with third parties, with a 18,500-mile fiber optic communications network, that stretches from Maine to Texas. DCP, a merchant finance company, provides financing, investment banking and asset management services to wholesale and commercial markets in the energy, real estate and telecommunications industries.

ENVIRONMENTAL MATTERS

Duke Energy is subject to international, federal, state and local regulations with regard to air and water quality, hazardous and solid waste disposal and other environmental matters. Environmental regulations affecting Duke Energy include:

- . The Clean Air Act (CAA) and the 1990 amendments to the Act, as well as state laws and regulations impacting air emissions, including State Implementation Plans related to existing and new national ambient air quality standards for ozone. Owners and/or operators of air emissions sources are responsible for obtaining permits and for annual compliance and reporting.
- . The Federal Water Pollution Control Act which requires permits for facilities that discharge treated wastewater into the environment.
- . The Comprehensive Environmental Response, Compensation and Liability Act, which can require any individual or entity that may have owned or operated a disposal site, as well as transporters or generators of hazardous wastes sent to such site, to share in remediation costs.
- . The Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, which requires certain solid wastes, including hazardous wastes, to be managed pursuant to a comprehensive regulatory regime.
- . The National Environmental Policy Act, which requires consideration of potential environmental impacts by federal agencies in their decisions, including siting approvals.

(For more information on environmental matters involving Duke Energy, including possible liability and capital costs, see "Item 3--Legal Proceedings," "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues--Environmental" and Note 15 to the Consolidated Financial Statements, "Commitments and Contingencies--Environmental.")

Compliance with international, federal, state and local provisions regulating the discharge of materials into the environment, or otherwise

protecting the environment, is not expected to have a material adverse effect on the competitive position, consolidated results of operations, cash flows or financial position of Duke Energy.

18

<PAGE>

GEOGRAPHIC REGIONS

Duke Energy's significant geographic regions are as follows:

<TABLE>

<CAPTION>

Latin Other
U.S. Canada America Foreign Consolidated

In millions

<S>	<C>	<C>	<C>	<C>	<C>
2001					
Consolidated revenues.....	\$51,723	\$5,690	\$ 628	\$1,462	\$59,503
Consolidated long-term assets	34,150	516	2,573	1,594	38,833
2000					
Consolidated revenues.....	\$43,282	\$4,964	\$ 512	\$ 560	\$49,318
Consolidated long-term assets	30,772	900	2,823	1,222	35,717
1999					
Consolidated revenues.....	\$19,336	\$2,007	\$ 171	\$ 252	\$21,766
Consolidated long-term assets	22,995	250	2,708	901	26,854

ABLE>

(For a discussion of Duke Energy's foreign operations and the risks associated with them, see "Management's Discussion and Analysis of Results of Operations and Financial Condition, Quantitative and Qualitative Disclosures About Market Risk--Foreign Currency Risk" and Notes 3 and 7 to the Consolidated Financial Statements, "Business Segments" and "Derivative Instruments, Hedging Activities and Credit Risk.")

EMPLOYEES

On December 31, 2001, Duke Energy had approximately 24,000 employees. A total of 1,583 operating and maintenance employees were represented by unions. Of these, 1,392 were represented by the International Brotherhood of Electrical Workers at two operating units. An additional 73 employees were represented by the United Steelworkers and Rubberworkers of America. Fifty-six employees were represented by the Paper, Allied, Chemical and Energy Workers Union and 62 employees were represented by the International Union of Operating Engineers.

19

<PAGE>

OPERATING STATISTICS

<TABLE>

<CAPTION>

Years Ended December 31,

	2001	2000	1999	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>
Franchised Electric					
Sources of Electric Energy, GWh(a)					
Generated--net output:					
Coal.....	41,796	43,526	41,306	42,164	45,234
Nuclear.....	39,922	41,073	39,263	38,366	29,569
Hydro.....	224	394	638	1,714	1,633
Oil and gas.....	139	459	662	846	301
Total generation.....	82,081	85,452	81,869	83,090	76,737
Purchased power and net interchange.....		3,050	4,497	3,617	2,659
Total output.....	85,131	89,949	85,486	85,749	80,518
Plus: Purchases from other Catawba joint owners		--	150	1,233	1,656
Total sources of energy.....	85,131	90,099	86,719	87,405	82,834
Less: Line loss and company usage.....		5,446	5,333	5,171	5,394
Total GWh sales.....	79,685	84,766	81,548	82,011	77,935

Electric Energy Sales, GWh

Residential.....	23,272	22,884	21,897	22,002	20,483
General service.....	23,666	22,845	21,807	21,093	19,687
Industrial					
Textile.....	8,829	10,819	11,201	11,981	11,955
Other.....	18,074	18,952	18,704	18,668	18,376
Other energy and wholesale.....	6,979	8,671	7,715	8,933	7,029
Total GWh sales billed.....	80,820	84,171	81,324	82,677	77,530
Unbilled GWh sales.....	(1,135)	595	224	(666)	405
Total GWh sales.....	79,685	84,766	81,548	82,011	77,935

Natural Gas Transmission

Proportional Throughput Volumes, TBtu(b)(c).....	1,710	1,771	1,893	1,459	1,641

Field Services

Natural Gas Gathered and

Processed/Transported, TBtu/d(d).....	8.6	7.6	5.1	3.6	3.4
NGL Production, MBbl/d(e).....	397.2	358.5	192.4	110.2	108.2
Average Natural Gas Price per MMBtu(f).....	\$ 4.27	\$ 3.89	\$ 2.27	\$ 2.11	\$ 2.59
Average NGL Price per Gallon.....	\$ 0.45	\$ 0.53	\$ 0.34	\$ 0.26	\$ 0.35
Natural Gas Marketed, TBtu/d.....	1.6	0.7	0.5	0.4	0.4

NAWE

Natural Gas Marketed, TBtu/d.....	12.4	11.9	10.5	8.0	6.9
Electricity Marketed and Traded, GWh.....	335,210	275,258	109,634	98,991	64,650

TABLE>

- (a) Gigawatt-hour
- (b) Trillion British thermal units
- (c) Excludes throughput of pipelines sold in March 1999: 328 TBtu (1999); 1,141 TBtu (1998); 1,279 TBtu (1997)
- (d) Trillion British thermal units per day
- (e) Thousand barrels per day
- (f) Million British thermal units

20

<PAGE>

EXECUTIVE OFFICERS OF DUKE ENERGY

RICHARD B. PRIORY, 55, Chairman of the Board, President and Chief Executive Officer. Mr. Priory served as President and Chief Operating Officer from 1994 until he assumed his present position in 1997 following Duke Energy's merger with PanEnergy Corp (PanEnergy).

RICHARD W. BLACKBURN, 59, Executive Vice President, General Counsel and Secretary. Mr. Blackburn was named to his present position in 1997. Prior to joining Duke Energy, he served as President and Group Executive of NYNEX Corporation's Worldwide Communications and Media Group from 1995 to 1997.

ROBERT P. BRACE, 52, Executive Vice President and Chief Financial Officer. Mr. Brace joined Duke Energy in 2000. Previously, he served as Group Finance Director of British Telecommunications plc starting in 1993.

KEITH G. BUTLER, 41, Senior Vice President and Controller. Mr. Butler assumed his present position in August 2001. Mr. Butler held various positions at Duke Power before being named Senior Vice President and Chief Financial Officer of Duke Energy Global and its affiliated companies in February 1998; Senior Vice President and Chief Financial Officer of Duke Energy North America in July 1998; and Chief Operating Officer, DukeSolutions, in September 1999.

WILLIAM A. COLEY, 58, Group President, Duke Power. Mr. Coley served as President of Duke Energy's Associated Enterprises Group from 1994 to 1997, when he assumed his present position following the PanEnergy merger.

FRED J. FOWLER, 56, Group President, Energy Transmission. Mr. Fowler served as Group Vice President of PanEnergy from 1996 until the PanEnergy merger, when he assumed his present position.

DAVID L. HAUSER, 50, Senior Vice President and Treasurer. Mr. Hauser held various positions, including Controller, at Duke Power before being named Senior Vice President, Global Asset Development, in 1997. He was appointed to his current position in 1998.

RICHARD J. OSBORNE, 51, Executive Vice President and Chief Risk Officer. Mr. Osborne assumed his present position in May 2000. He previously served as Executive Vice President and Chief Financial Officer following the PanEnergy merger. Prior to the merger, beginning in 1994, Mr. Osborne was Senior Vice President and Chief Financial Officer.

HARVEY J. PADEWER, 54, Group President, Energy Services. Mr. Padewer assumed his present position in 1999. From 1995 through 1998, he served as Senior Vice President and General Manager of Utilicorp Energy Group.

JTH G. SHAW, 54, Executive Vice President and Chief Administrative Officer. Ms. Shaw served as Senior Vice President, Corporate Resources, from 1994 until the PanEnergy merger, when she assumed her present position.

Executive officers are elected annually by the Board of Directors. They serve until the first meeting of the Board of Directors following the annual meeting of shareholders and until their successors are duly elected.

There are no family relationships between any of the executive officers, nor any arrangement or understanding between any executive officer and any other person involved in officer selection.

21

<PAGE>

Item 2. Properties.

FRANCHISED ELECTRIC

As of December 31, 2001, Franchised Electric operated three nuclear generating stations with a combined net capacity of 5,409 MW (including 12.5% ownership in the Catawba Nuclear Station), eight coal-fired stations with a combined capacity of 7,572 MW, 31 hydroelectric stations with a combined capacity of 2,791 MW and six combustion turbine stations with a combined capacity of 2,081 MW. All of the stations are located in North Carolina or South Carolina.

In addition, Franchised Electric owned, as of December 31, 2001, approximately 13,000 conductor miles of electric transmission lines, including 600 miles of 525 kilovolts, 2,600 miles of 230 kilovolts, 6,500 miles of 100 to 161 kilovolts, and 3,300 miles of 13 to 66 kilovolts. Franchised Electric also owned approximately 93,600 conductor miles of electric distribution lines, including 62,700 miles of rural overhead lines, 15,700 miles of urban overhead lines, 8,300 miles of rural underground lines and 6,900 miles of urban underground lines. As of December 31, 2001, the electric transmission and distribution systems had approximately 1,600 substations.

Part of the electric plant is mortgaged under the indenture relating to Duke Energy's various series of First and Refunding Mortgage Bonds.

NATURAL GAS TRANSMISSION

Texas Eastern's gas transmission system extends approximately 1,700 miles from producing fields in the Gulf Coast region of Texas and Louisiana to Ohio, Pennsylvania, New Jersey and New York. It consists of two parallel systems, one with three large-diameter parallel pipelines and the other with one to three large-diameter pipelines. Texas Eastern's system consists of approximately 1,000 miles of pipeline and 72 compressor stations.

Texas Eastern's also owns and operates two offshore Louisiana pipeline systems, which extend over 100 miles into the Gulf of Mexico and include 467 miles of Texas Eastern's pipelines.

Algonquin's transmission system connects with Texas Eastern's facilities in New Jersey, and extends approximately 250 miles through New Jersey, New York, Connecticut, Rhode Island and Massachusetts. The system consists of 1,066 miles of pipeline with six compressor stations.

ETNG's transmission system crosses Texas Eastern's system at two points in Tennessee and consists of two mainline systems totaling 1,100 miles of pipeline in Tennessee and Virginia, with 17 compressor stations.

(For a map showing natural gas transmission and storage properties, see "Business, Natural Gas Transmission" earlier in this section. Also see that section for additional information on Natural Gas Transmission's properties, including additions due to the Westcoast acquisition.)

FIELD SERVICES

(For information and a map showing Field Services' properties, see "Business, Field Services" earlier in this section.)

22

<PAGE>

ORTH AMERICAN WHOLESALE ENERGY

As of December 31, 2001, DENA's generation portfolio in operation included:

<TABLE>

<CAPTION>

Name	Gross MW	Fuel	Ownership Interest Location	(percentage)

<S>	<C>	<C>	<C>	<C>
Moss Landing.....	1,478	Natural gas	CA	100%
Morro Bay.....	1,002	Natural gas	CA	100
South Bay.....	700	Natural gas	CA	100
Vermillion.....	648	Natural gas	IN	100
Lee.....	640	Natural gas	MS	100
Hinds.....	520	Natural gas	IL	100
Maine Independence	520	Natural gas	ME	100
Bridgeport.....	510	Natural gas	CT	67
St. Francis.....	494	Natural gas	MO	50
American Ref-Fuel.	380	Waste-to-energy	CT, MA, NJ, NY	50
New Albany Energy.	349	Natural gas	MS	100
Oakland.....	165	Oil	CA	100

Total.....	7,406			
=====				

</TABLE>

DENA had approximately 9,070 gross MW under construction in various high-growth markets slated for completion to meet summer peak demands: 6,620 MW in 2002 and 2,450 MW in 2003. In addition to facilities in operation or under construction, DENA had approximately 13,000 gross MW in advanced development scheduled to begin operation between 2003 and 2005.

For additional information and a map showing NAWE's properties, see "Business, North American Wholesale Energy" earlier in this section.

INTERNATIONAL ENERGY

As of December 31, 2001, International Energy's generation portfolio in operation included:

<TABLE>

<CAPTION>

Name	Gross MW	Fuel	Approximate Ownership Interest Location (percentage)	
<S>	<C>	<C>	<C>	<C>
Paranapanema.....	2,307	Hydro	Brazil	95%
Hidroelectrica Cerros Colorados	547	Thermal/Hydro	Argentina	91
Egenor.....	529	Hydro/Thermal	Peru	100
Puncakjaya Power.....	383	Thermal	Indonesia	43
Amajutla.....	381	Thermal	El Salvador	90
Western Australia.....	280	Thermal	Australia	100
Electroquil.....	180	Thermal	Ecuador	69
Constellation.....	168	Oil	Guatemala	100
Aquaytia.....	160	Thermal	Peru	38
Empressa Electrica Corani.....	126	Hydro	Bolivia	50
New Zealand.....	112	Thermal	New Zealand	100
Bairnsdale.....	43	Natural Gas	Australia	100
Total.....	5,216			

</TABLE>

<PAGE>

DEI had approximately 853 gross MW under construction in Latin America and 43 gross MW in Australia. As of December 31, 2001, DEI also owned approximately 1,346 miles of pipeline systems in Australia, including 463 miles under development. Additionally, DEI had an 11.84% ownership interest in 855 miles of pipeline systems in Australia and a 37.83% ownership interest in 190 miles of pipeline systems in Peru. Also, as of December 31, 2001, DEI had a 25% indirect interest in National Methanol Company, which owns and operates a methanol and MTBE (methyl tertiary butyl ether) business in Jubail, Saudi Arabia.

(For additional information and a map showing International Energy's

properties, see "Business, International Energy" earlier in this section.)

DUKE VENTURES

For information regarding Duke Ventures' properties, see "Business, Duke Ventures" earlier in this section.)

OTHER

None of the properties used in Duke Energy's other business activities are considered material to Duke Energy's operations as a whole.

Item 3. Legal Proceedings.

Duke Energy, some of its subsidiaries and three current or former executives have been named as defendants, among other corporate and individual defendants, in one or more of a total of six lawsuits brought by or on behalf of electricity consumers in the State of California. The plaintiffs seek damages as a result of the defendants' alleged unlawful manipulation of the California wholesale electricity markets. DENA and DETM are among 16 defendants in a class-action lawsuit (the Gordon lawsuit) filed against generators and traders of electricity in California markets. DETM was also named as one of numerous defendants in four additional lawsuits, including two class actions (the Hendricks and Pier 23 Restaurant lawsuits), filed against generators, marketers, traders and other unnamed providers of electricity in California markets. A sixth lawsuit (the Bustamante lawsuit) was brought by the Lieutenant Governor of the State of California and a State Assemblywoman, on their own behalf as citizens and on behalf of the general public, and includes Duke Energy, some of its subsidiaries and three current or former executives of Duke Energy among other corporate and individual defendants. The Gordon and Hendricks class-action lawsuits were filed in the Superior Court of the State of California, San Diego County, in November 2000. Three other lawsuits were filed in January 2001, one in Superior Court, San Diego County, and the other two in Superior Court, County of San Francisco. The Bustamante lawsuit was filed in May 2001 in Superior Court, Los Angeles County. These lawsuits generally allege that the defendants manipulated the wholesale electricity markets in violation of state laws against unfair and unlawful business practices and state antitrust laws. The plaintiffs seek aggregate damages of billions of dollars. The lawsuits seek the refund of alleged unlawfully obtained revenues for electricity sales and, in four lawsuits, an award of treble damages. These suits have been consolidated before a state court judge in San Diego. While these matters are in their earliest stages, management believes, based on its analysis of the facts and the asserted claims, that their resolution will have no material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position. (See Note 15 to the Consolidated Financial Statements, "Commitments and Contingencies--California Issues," and "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues-- California Issues.")

In 2000, the U.S. Justice Department, acting on behalf of the EPA, filed a complaint against Duke Energy in the U.S. District Court in Greensboro, North Carolina, for alleged violations of the New Source Review (NSR) provisions of the CAA. The EPA claims that 29 projects performed at 25 of Duke Energy's

coal-fired units were major modifications, as defined in the CAA, and that Duke Energy violated the CAA's NSR requirements when it undertook those projects without obtaining permits and installing emission controls for sulfur dioxide, nitrogen

24

<PAGE>

oxide and particulate matter. The complaint asks the court to order Duke Energy to stop operating the coal-fired units identified in the complaint, install additional emission controls and pay unspecified civil penalties. This complaint is part of the EPA's NSR enforcement initiative, in which the EPA claims that utilities and others have committed widespread violations of the CAA permitting requirements for the past 25 years. The EPA has sued or issued notices of violation of investigative information requests to at least 48 other electric utilities and cooperatives.

The EPA's allegations run counter to previous EPA guidance regarding the applicability of the NSR permitting requirements. Duke Energy, along with other utilities, has routinely undertaken the type of repair, replacement and maintenance projects that the EPA now claims are illegal. Duke Energy believes that all of its electric generation units are properly permitted and have been properly maintained, and is defending itself vigorously against these alleged violations. The U.S. Vice President's National Energy Policy Development Group has ordered the EPA to review its NSR rules and has ordered the Department of Justice to review the appropriateness of the enforcement cases. The EPA review is scheduled to be completed by August 2001, but has not yet been concluded. In January 2002, the Department of Justice released a report concluding that it was not improper for the Department of Justice to initiate the enforcement cases brought on behalf of the EPA. It specifically declined to address whether the EPA's enforcement actions are wise as a matter of national energy policy. Because these matters are in a preliminary stage, management cannot estimate the effects of these matters on Duke Energy's future consolidated results of operations, cash flows or financial position. The CAA authorizes civil penalties of up to \$27,500 per day per violation at each generating unit. Civil penalties, if ultimately imposed by the court, and the cost of any required new pollution control equipment, if the court accepts the EPA's contentions, could be substantial. (See Note 15 to the Consolidated Financial Statements, "Commitments and Contingencies--Environmental," and "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues--Environmental.")

In 2000, three Duke Energy subsidiaries initiated binding arbitration against three Exxon Mobil Corporation subsidiaries (the Exxon Mobil entities) concerning the parties' joint ownership of DETM and related affiliates (the Ventures). At issue is a buy-out right provision under the joint venture agreements for these entities. If there is a material business dispute between the parties, which Duke Energy alleges has occurred, the buy-out provision gives Duke Energy the right to purchase Exxon Mobil's 40% interest in DETM. Exxon Mobil does not have a similar right under the joint venture agreements and once Duke Energy exercises the buy-out right, each party has the right to "wind" the buy-out under certain specific circumstances. In December 2000, Duke Energy exercised its right to buy the Exxon Mobil entities' interest in

the Ventures. Duke Energy claims that refusal by the Exxon Mobil entities to honor the exercise is a breach of the buy-out right provision, and seeks specific performance of the provision. Duke Energy has also made additional claims against the Exxon Mobil entities for breach of the agreements governing the Ventures.

In January 2001, the Exxon Mobil entities made counterclaims in the arbitration and, in a separate Texas state court action, alleged that Duke Energy breached its obligations to the Ventures and to the Exxon Mobil entities. In April 2001, the state court stayed its action, compelling the Exxon Mobil entities to arbitrate their claims. The Exxon Mobil entities proceeded with the arbitration of their claims and have not challenged this order in an appellate court. In early October 2001, the arbitration panel convened an evidentiary hearing regarding the buy-out right provision and Duke Energy's and Exxon Mobil's claims against each other. The panel has not yet ruled but Duke Energy expects a final decision from the panel in early 2002. Management believes that the final disposition of this action will have no material adverse effect on Duke Energy's consolidated results of operations or financial position.

On November 15, 2001, the Illinois Pollution Control Board imposed a penalty of \$850,000 plus assessed attorney fees in an environmental enforcement proceeding against a former subsidiary of Duke Energy relating to

25

<PAGE>

quality permit violations at a natural gas compressor station. Duke Energy has resolved its indemnity obligation to the purchaser of this former subsidiary for the penalty resulting from these violations.

In June 2001, Duke Energy's subsidiary, DEFS, received two administrative Compliance Orders from the New Mexico Environment Department (NMED) seeking civil penalties for primarily historic air permit matters. One order alleges specific permit non-compliance at 11 facilities that occurred periodically between 1996 and 1999. Allegations under this order relate primarily to emissions from certain compressor engines in excess of what were then new operating permit limits. The other order alleges numerous unexcused excursions from an hourly permit limit arising from upset events at one facility's sulfur recovery unit between 1997 and 2001. The NMED applied its civil penalty policy to the alleged violations and calculated the penalties to be \$10 million in the aggregate. The NMED has initiated settlement discussions and offered to resolve these matters for an amount lower than the calculated penalties. DEFS is continuing its discussions with the NMED and anticipates that it will resolve all issues relating to the alleged violations.

In September 2001, DEFS received a Proposed Agreed Order from the Texas Natural Resource Conservation Commission (Commission) to settle allegations reflected in a June 2001 notice from the Commission relating to DEFS' Port Arthur natural gas processing plant. The Proposed Agreed Order sought penalties of \$278,000 for various items of alleged noncompliance relating to the facility's air permit and state air regulations, including valve monitoring and repair requirements under 40 CFR 60, subpart KKK. DEFS has reached a settlement

with the staff of the Commission for a monetary penalty in the amount of \$39,832 and a Supplemental Environmental Project in the amount of \$39,832, subject to the approval of the Commission.

DEFS received a Consolidated Compliance Order and Notice of Potential Penalty from the Louisiana Department of Environmental Quality (LDEQ) in the spring of 2001 enabling DEFS to discharge certain wastewater streams from its Minden Gas Processing Plant until a new discharge permit is issued by the LDEQ. The Compliance Order authorized certain discharges, and otherwise addressed various historic and recent deviations from Clean Water Act regulatory requirements, including the lapse of the facility's discharge permit. The Compliance Order also contemplates final resolution of these matters including the LDEQ issuing a penalty assessment. DEFS and LDEQ are now in discussions to resolve all issues relating to this matter.

DEFS is in discussion with the Oklahoma Department of Environmental Quality (ODEQ) regarding apparent non-compliance issues relating to DEFS' Title V Clean Air Act Operating permits at its Oklahoma facilities, primarily consisting of compliance issues disclosed to the ODEQ pursuant to permit requirements or otherwise voluntarily disclosed to the ODEQ in 2001. These non-compliance issues relate to various specific and detailed terms of the Title V permits, including separate filing requirements, engine testing procedural requirements, certification requirements, and quarterly emissions testing obligations. As a result of these discussions, DEFS anticipates that a comprehensive settlement agreement will be entered into to resolve these various items.

Duke Energy and its subsidiaries are involved in other legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding performance, contracts and other matters arising in the ordinary course of business, some of which involve substantial amounts. Management believes that the final disposition of these proceedings will have no material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position. (See Note 15 to the Consolidated Financial Statements, "Commitments and Contingencies--Litigation and Contingencies," and "Management's Discussion and Analysis of Results of Operations and Financial Condition, Current Issues--Litigation and Contingencies.")

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of Duke Energy's security holders during the fourth quarter of 2001.

26

<PAGE>

PART II.

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Duke Energy's common stock is listed for trading on the New York Stock Exchange. At February 28, 2002, there were approximately 149,051 common stockholders of record.

Common Stock Data by Quarter

<TABLE>
<CAPTION>

	2001(a)			2000(b)		
	Stock Price Range			Stock Price Range		
	Dividends-----			Dividends-----		
	Per Share	High	Low	Per Share	High	Low
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter.	\$0.275	\$43.50	\$32.41	\$0.275	\$28.94	\$23.19
Second Quarter	0.55	47.74	38.40	0.55	31.25	26.16
Third Quarter.	--	42.85	34.39	--	42.88	28.31
Fourth Quarter	0.275	41.35	32.22	0.275	44.97	40.22

</TABLE>

- (a) The 2001 stock prices represent the intra-day high and low stock price.
(b) The 2000 amounts were restated to reflect the two-for-one common stock split effective January 26, 2001.

On December 17, 1998, Duke Energy's Board of Directors adopted a shareholder rights plan. Under the terms of the plan, one preference stock purchase right was distributed for each share of common stock outstanding on February 12, 1999 and for each share issued thereafter, subject to adjustment as specified therein. The NCUC and PSCSC approved this distribution. The plan is intended to ensure the fair treatment of all shareholders in the event of a hostile takeover attempt, and to encourage a potential acquirer to negotiate with the Board of Directors a fair price for all shareholders before attempting a takeover. The adoption of the plan was not in response to any takeover offer or threat.

27

<PAGE>

Item 6. Selected Financial Data.

<TABLE>
<CAPTION>

	2001	2000	1999(a)	1998	1997(b)
	In millions, except per share amounts				
<S>	<C>	<C>	<C>	<C>	<C>
Income Statement					
Operating revenues.....	\$59,503	\$49,318	\$21,766	\$17,662	\$16,309
Operating expenses.....	55,403	45,505	19,947	15,177	14,339
Operating income.....	4,100	3,813	1,819	2,485	1,970
Other income and expenses.....	156	201	224	162	138
Interest expense.....	785	911	601	514	472
Minority interest expense.....	327	307	142	96	23

Earnings before income taxes.....	3,144	2,796	1,300	2,037	1,613
Income taxes.....	1,150	1,020	453	777	639

Income before extraordinary item and cumulative effect of change in accounting principle.....	1,994	1,776	847	1,260	974
Extraordinary gain (loss), net of tax.....	--	--	660	(8)	--
Cumulative effect of change in accounting principle, net of tax.....	(96)	--	--	--	--

Net income.....	1,898	1,776	1,507	1,252	974
Preferred and preference stock dividends.....	14	19	20	21	72

Earnings available for common stockholders.....	\$ 1,884	\$ 1,757	\$ 1,487	\$ 1,231	\$ 902

Common Stock Data (c)

Shares of common stock outstanding

Year-end.....	777	739	733	726	720
Weighted average.....	767	736	729	722	720

Earnings per share (before extraordinary item and cumulative effect of change in accounting principle)

Basic.....	\$ 2.58	\$ 2.39	\$ 1.13	\$ 1.72	\$ 1.26
Diluted.....	2.56	2.38	1.13	1.71	1.25

Earnings per share

Basic.....	\$ 2.45	\$ 2.39	\$ 2.04	\$ 1.70	\$ 1.26
Diluted.....	2.44	2.38	2.03	1.70	1.25

Dividends per share.....	1.10	1.10	1.10	1.10	0.95

Balance Sheet

Assets.....	\$48,375	\$58,232	\$33,409	\$26,806	\$24,029
Long-term debt, less current maturities.....	12,321	10,717	8,683	6,272	6,530

</TABLE>

- (a) Financial information reflects a pre-tax \$800 million charge for estimated injuries and damages claims. The earnings-per-share effect of this charge was \$0.67 per share.
- (b) Financial information reflects accounting for the 1997 merger with PanEnergy as a pooling of interests. As a result, the financial information gives effect to the merger as if it had occurred January 1, 1997.
- (c) Amounts prior to 2001 were restated to reflect the two-for-one common stock split effective January 26, 2001.

<PAGE>

Item 7: Management's Discussion and Analysis of Results of Operations and Financial Condition.

INTRODUCTION

Management's Discussion and Analysis should be read with the Consolidated Financial Statements.

Business Segments. Duke Energy Corporation (collectively with its subsidiaries, Duke Energy), an integrated provider of energy and energy

services, offers physical delivery and management of both electricity and natural gas throughout the U.S. and abroad. Duke Energy provides these and other services through seven business segments.

Duke Energy's franchised Electric generates, transmits, distributes and sells electricity in central and western North Carolina and western South Carolina. It conducts operations primarily through Duke Power and Nantahala Power and Light. These electric operations are subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC), the North Carolina Utilities Commission (NCUC) and the Public Service Commission of South Carolina (PSCSC).

Natural Gas Transmission provides transportation and storage of natural gas for customers throughout North America, primarily in the Mid-Atlantic, New England and southeastern states. It conducts operations primarily through Duke Energy Gas Transmission Corporation. Interstate natural gas transmission and storage operations are subject to the FERC's rules and regulations.

Field Services gathers, processes, transports, markets and stores natural gas and produces, transports, markets and stores natural gas liquids (NGLs). It conducts operations primarily through Duke Energy Field Services, LLC (DEFS), which is approximately 30% owned by Phillips Petroleum. Field Services operates gathering systems in western Canada and 11 contiguous states in the U.S. Those systems serve major natural gas-producing regions in the Rocky Mountain, Permian Basin, Mid-Continent, East Texas-Austin Chalk-North Louisiana, and onshore and offshore Gulf Coast areas.

North American Wholesale Energy (NAWE) develops, operates and manages merchant generation facilities and engages in commodity sales and services related to natural gas and electric power. NAWE conducts these operations primarily through Duke Energy North America, LLC (DENA) and Duke Energy Trading and Marketing, LLC (DETM). DETM is approximately 40% owned by Exxon Mobil Corporation. NAWE also includes Duke Energy Merchants Holdings, LLC, which develops new business lines in the evolving energy commodity markets other than natural gas and power. NAWE conducts business primarily throughout the U.S. and Canada.

International Energy develops, operates and manages natural gas transportation and power generation facilities and engages in energy trading and marketing of natural gas and electric power. It conducts operations primarily through Duke Energy International, LLC and its activities target the Latin American, Asia-Pacific and European regions.

Other Energy Services is a combination of businesses that provide engineering, consulting, construction and integrated energy solutions worldwide, primarily through Duke Engineering & Services, Inc. (DE&S), Duke/Fluor Daniel (D/FD) and DukeSolutions, Inc. (DukeSolutions). D/FD is a 50/50 partnership between Duke Energy and Fluor Enterprises, Inc., a wholly owned subsidiary of Fluor Corporation. (See Note 8 to the Consolidated Financial Statements.) On January 31, 2002, Duke Energy announced the planned sale of DE&S to Framatome ANP, Inc. and, on March 13, 2002, Duke Energy announced the planned sale of DukeSolutions to Ameresco, Inc. (See Current Events--Subsequent Events.)

<PAGE>

Duke Ventures is composed of other diverse businesses, operating primarily through Crescent Resources, LLC (Crescent), DukeNet Communications, LLC (DukeNet) and Duke Capital Partners, LLC (DCP). Crescent develops high-quality commercial, residential and multi-family real estate projects and manages land holdings primarily in the southeastern U.S. DukeNet provides fiber optic networks for industrial, commercial and residential customers. DCP, a wholly owned merchant banking company, provides debt and equity capital and financial advisory services to the energy industry.

Business Strategy. Duke Energy is one of the world's leading integrated energy companies. The company's business strategy is to develop integrated energy businesses in targeted regions where Duke Energy's extensive capabilities in developing energy assets, operating electricity, natural gas and NGL plants, optimizing commercial operations and managing risk can provide comprehensive energy solutions for customers and create superior value for shareholders. The growth in and restructuring of global energy markets are providing opportunities for Duke Energy's competitive business segments to capitalize on their extensive capabilities. Domestically, Duke Energy is investing as opportunities arise in new merchant power plants throughout the U.S., expanding its natural gas pipeline infrastructure, advancing its leading position in natural gas gathering and processing and NGL marketing, and developing its trading and marketing structured origination expertise across the energy spectrum. Planned expansion for 2002 includes the acquisition of Westcoast Energy Inc. (Westcoast) for approximately \$8 billion, including the assumption of debt. Westcoast, headquartered in Vancouver, British Columbia, is a North American energy company with interests in natural gas gathering, processing, transmission, storage and distribution, as well as power generation and international energy businesses. (See Current Issues-- Subsequent Events.) Internationally, Duke Energy is currently focusing on electric and natural gas opportunities in Latin America, Asia Pacific and Europe.

Franchised Electric continues to increase its customer base, maintain low costs and deliver high-quality customer service in the Piedmont Carolinas. Franchised Electric is expected to grow moderately. Expansion will primarily result from continued growth in the residential and general service sectors, partially offset by a continuing decline in the textile industry.

Natural Gas Transmission plans to continue its earnings growth rate by executing a comprehensive strategy of selected acquisitions and expansions, and by developing expanded services and incremental projects that meet changing customer needs.

Field Services has developed significant size and scope in natural gas gathering and processing and NGL marketing. Field Services plans to make additional investments in gathering, processing and NGL infrastructure. Field Services' interconnected natural gas processing operations provide an opportunity to capture fee-based investment opportunities in certain NGL assets, including pipelines, fractionators and terminals.

AWE plans to continue increasing earnings through acquisitions, divestitures, construction of greenfield projects and expansion of existing

facilities as regional opportunities are identified, evaluated and realized throughout the North American marketplace. DENA, through its portfolio management strategy, seeks opportunities to invest in energy assets in U.S. markets that have capacity needs and to divest other assets, in whole or in part, when significant value can be realized. Commodity sales and services related to natural gas and power continue to expand as NAWE provides energy supply, structured origination, trading and marketing, risk management and commercial optimization services to large energy customers, energy aggregators and other wholesale companies.

International Energy plans to continue expanding through acquisitions, divestitures, construction of greenfield projects and expansion of existing facilities in selected international regions. International Energy's combination of assets and capabilities and close working relationships with other subsidiaries of Duke Energy allow it to efficiently deliver natural gas pipeline, power generation, energy marketing and other services.

30

<PAGE>

Other Energy Services' growth opportunities will be primarily related to D/FD. Other Energy Services plans to grow by providing an expanding customer base with a variety of engineering, operating, procurement and construction services in areas related to energy assets.

Duke Ventures plans to expand earnings capabilities in its real estate, communications and capital financing business units by developing regional opportunities and by applying extensive experience to new project development.

Duke Energy's business strategy and growth expectations may vary significantly depending on many factors, including, but not limited to, the pace and direction of industry restructuring, regulatory constraints, acquisition opportunities, market volatility and economic trends. However, Duke Energy's growth expectations do not rely on progress in industry restructuring in North Carolina and South Carolina.

RESULTS OF OPERATIONS

In 2001, earnings available for common stockholders were \$1,884 million, or \$2.45 per basic share, compared to \$1,757 million, or \$2.39 per basic share, in 2000. The increase was due primarily to a 6% increase in earnings before interest and taxes (EBIT), as described below. Current-year EBIT increases on a comparative basis were partially offset by the prior year's pre-tax gain of \$407 million (an after-tax gain of \$0.34 per basic share) on the sale of Duke Energy's 20% interest in BellSouth Carolina PCS, and a current-year, one-time net-of-tax charge of \$96 million (or \$0.13 per basic share). This one-time charge was the cumulative effect of a change in accounting principle for the January 1, 2001 adoption of Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." (See Note 1 to the Consolidated Financial Statements.)

Earnings available for common stockholders increased \$270 million in 2000, from 1999 earnings of \$1,487 million, or \$2.04 per basic share. The increase

was due primarily to a 96% increase in EBIT, as described below, including the BellSouth Carolina PCS gain. Partially offsetting the increase in EBIT on a comparative basis was a 1999 after-tax extraordinary gain of \$660 million, or \$1.11 per basic share. This gain was from the sale of Panhandle Eastern Pipe Line Company (PEPL), Trunkline Gas Company (Trunkline) and additional storage related to those systems, along with Trunkline LNG Company. Higher interest and minority interest expense in 2000 also partially offset the increase in EBIT.

Earnings per share information provided above has been restated to reflect the two-for-one common stock split effective January 26, 2001. (See Note 16 to the Consolidated Financial Statements.)

Operating income for 2001 was \$4,100 million, compared to \$3,813 million in 2000 and \$1,819 million in 1999. EBIT was \$4,256 million in 2001, \$4,014 million in 2000 and \$2,043 million in 1999. Operating income and EBIT are affected by the same fluctuations for Duke Energy and each of its business segments as described above. Beginning January 1, 2001, Duke Energy discontinued allocating corporate governance costs for its business segment analysis. Prior-year business segment EBIT amounts have been restated to conform to the current-year presentation of corporate cost allocations. (See Note 3 to the Consolidated Financial Statements for more information on business segments.) The following table shows the components of EBIT and a reconciliation from EBIT to net income.

31

<PAGE>

Reconciliation Of Operating Income To Net Income

<TABLE>

<CAPTION>

	Years Ended December 31,		
	2001	2000	1999
	In millions		
	<C>	<C>	<C>
Operating income.....	\$4,100	\$3,813	\$1,819
Other income and expenses.....	156	201	224
EBIT.....	4,256	4,014	2,043
Interest expense.....	785	911	601
Minority interest expense.....	327	307	142
Earnings before income taxes.....	3,144	2,796	1,300
Income taxes.....	1,150	1,020	453
Income before extraordinary item and cumulative effect of change in accounting principle.....	1,994	1,776	847
Extraordinary gain, net of tax.....	--	--	660
Cumulative effect of change in accounting principle, net of tax.....	(96)	--	--
Net income.....	\$1,898	\$1,776	\$1,507

<TABLE>

EBIT is the main performance measure used by management to evaluate segment performance. As an indicator of Duke Energy's operating performance or liquidity, EBIT should not be considered an alternative to, or more meaningful than, net income or cash flow as determined in accordance with generally accepted accounting principles. Duke Energy's EBIT may not be comparable to a similarly titled measure of another company. Business segment EBIT is summarized in the following table, and detailed discussions follow.

EBIT by Business Segment

<TABLE>

<CAPTION>

Years Ended December 31,

2001 2000 1999

In millions

	<C>	<C>	<C>
Franchised Electric.....	\$1,631	\$1,820	\$ 942
Natural Gas Transmission.....	608	562	656
Field Services.....	336	311	156
North American Wholesale Energy.....	1,351	434	219
International Energy.....	286	341	44
Other Energy Services.....	(13)	(59)	(86)
Duke Ventures.....	183	568	165
Other Operations.....	(357)	(194)	(145)
EBIT attributable to minority interests	231	231	92

Consolidated EBIT..... \$4,256 \$4,014 \$2,043

<TABLE>

Other Operations primarily includes certain unallocated corporate costs. The amounts discussed below include intercompany transactions that are eliminated in the Consolidated Financial Statements.

32

<PAGE>

Franchised Electric

<TABLE>

<CAPTION>

Years Ended December 31,

2001 2000 1999

In millions, except where noted

	<C>	<C>	<C>
Operating revenues.....	\$ 4,746	\$ 4,946	\$ 4,700

Operating expenses.....	3,185	3,200	3,880
Operating income.....	1,561	1,746	820
Other income, net of expenses	70	74	122
EBIT.....	\$ 1,631	\$ 1,820	\$ 942
Sales, GWh(a).....	79,685	84,766	81,548

</TABLE>

(a) Gigawatt-hours

Franchised Electric's EBIT decreased \$189 million in 2001 as compared to 2000, due primarily to much milder weather in Franchised Electric's service territory during the latter part of 2001 and decreased sales to industrial customers, which were a result of the slowing economy. These decreased sales were slightly offset by growth in the average number of residential and general service customers in Franchised Electric's service territory. The 2001 results also include a \$36 million reduction in unbilled revenue receivables, resulting from a refinement in the estimates used to calculate unbilled kilowatt-hour sales (see Note 1 to the Consolidated Financial Statements), and \$33 million in mutual insurance distributions that were reclassified from earnings to a deferred credit account as required by the NCUC, pending final outcome of a regulatory audit which will likely determine the treatment of those distributions. (See Current Issues--Regulatory Matters.) The decrease in operating revenues, due to the decrease in GWh sales, caused an overall decrease in operating expenses, as variable fuel costs decreased because less was needed. This decrease was partially offset by increased costs for nuclear and fossil-fueled plant outages for repairs and maintenance.

In 2000, Franchised Electric's EBIT increased \$878 million over 1999, due primarily to an \$800 million expense in 1999 for estimated injuries and damages claims. (See Note 15 to the Consolidated Financial Statements.) Overall favorable weather and growth in the average number of customers in Franchised Electric's service territory resulted in an increase in GWh sales, which also contributed to the increase in EBIT for 2000. This increase was partially offset by increased operating costs.

The following table shows the changes in GWh sales and average number of customers for the past two years.

<TABLE>

<CAPTION>

	Increase (decrease) over prior year	2001	2000
<S>	<C>	<C>	
Residential sales.....	1.7%	4.4%	
General service sales.....	3.6%	4.7%	
Industrial sales.....	(9.6)%	(0.5)%	
Total Franchised Electric sales..	(6.0)%	3.9%	
Average number of customers.....	2.0%	2.5%	

</TABLE>

<PAGE>

Natural Gas Transmission

<TABLE>

<CAPTION>

	Years Ended December 31,		
	2001	2000	1999

	In millions, except where noted		
<S>	<C>	<C>	<C>
Operating revenues.....	\$1,105	\$1,131	\$1,230
Operating expenses.....	504	581	586

Operating income.....	601	550	644
Other income, net of expenses...	7	12	12

EBIT.....	\$ 608	\$ 562	\$ 656
=====			
Proportional throughput, TBtu(a)	1,710	1,771	1,893

</TABLE>

(a) Trillion British thermal units

In 2001, EBIT for Natural Gas Transmission increased \$46 million compared to 2000, primarily from earnings of East Tennessee Natural Gas Company (ETNG) and Market Hub Partners (MHP) (acquired in March and September 2000, respectively; see Note 2 to the Consolidated Financial Statements) and earnings from other market expansion projects. The decrease in operating revenues for 2001, which was offset by a decrease in operating expenses, resulted from \$112 million in rate reductions, which became effective in December 2000. These reduced rates reflect lower recovery requirements for operating costs at Texas Eastern Transmission, LP, which consists primarily of system fuel and FERC Order 636 transition costs.

Future results of Natural Gas Transmission are expected to be positively impacted by the Westcoast acquisition. (See Current Issues--Subsequent Events.)

EBIT for Natural Gas Transmission decreased \$94 million in 2000 compared to 1999, due primarily to \$135 million of EBIT in 1999 that did not recur in 2000. These earnings in 1999 resulted from \$73 million of EBIT from the pipelines sold to CMS Energy Corporation (CMS) in March 1999; a \$24 million gain from the sale of Duke Energy's interest in the Alliance Pipeline project; and benefits totaling \$38 million from the completion of certain environmental cleanup programs below estimated costs. These items were partially offset by increased earnings from market expansion projects, joint ventures such as the Maritimes & Northeast Pipeline, which was placed into service in December 1999, and earnings from ETNG and MHP.

<PAGE>

Field Services

TABLE>
OPTION>

	Years Ended December 31,		
	2001	2000	1999
	In millions, except where noted		
<S>	<C>	<C>	<C>
Operating revenues.....	\$9,651	\$9,060	\$3,590
Operating expenses.....	9,154	8,620	3,432
Operating income.....	497	440	158
Other income, net of expenses.....	1	6	(2)
Minority interest expense.....	162	135	--
EBIT.....	\$ 336	\$ 311	\$ 156
Natural gas gathered and processed/transported, TBtu/d(a)	8.6	7.6	5.1
NGL production, MBbl/d(b).....	397.2	358.5	192.4
Natural gas marketed, TBtu/d.....	1.6	0.7	0.5
Average natural gas price per MMBtu(c).....	\$ 4.27	\$ 3.89	\$ 2.27
Average NGL price per gallon(d).....	\$ 0.45	\$ 0.53	\$ 0.34

</TABLE>

- Trillion British thermal units per day
 ○ Thousand barrels per day
 (c) Million British thermal units
 (d) Does not reflect results of commodity hedges

Field Services' EBIT increased \$25 million in 2001 from 2000. Operating revenues increased due primarily to recognizing a full year of the results of the combination of Field Services' natural gas gathering, processing and marketing business with Phillips Petroleum's gas gathering, processing and marketing unit's midstream natural gas business (the Phillips combination) in March 2000. (See Note 2 to the Consolidated Financial Statements.) This increase was partially offset by lower average NGL prices that decreased \$0.08 per gallon from the prior year. (See Quantitative and Qualitative Disclosures About Market Risk--Commodity Price Risk for information on NGL price sensitivity.) Increased operating expenses due primarily to the Phillips combination were partially offset by savings from cost reduction efforts and plant consolidations, and by the interaction of Field Services' natural gas and NGL purchase contracts with lower average NGL prices and higher average natural gas prices. The 11% increase in NGL production, due primarily to the Phillips combination, was offset by reduced recoveries at facilities, resulting from tightened fractionation spreads driven by higher average natural gas prices.

In 2000, Field Services' EBIT increased \$155 million compared to 1999. The increase in EBIT and volume activity was primarily due to the Phillips combination; the acquisition of the natural gas gathering, processing, fractionation and NGL pipeline business from Union Pacific Resources in April 1999; and other acquisitions and plant expansions. Improved average NGL prices,

which increased 56% over 1999 prices, also contributed significantly to the increase in EBIT.

35

<PAGE>

North American Wholesale Energy

<TABLE>

<CAPTION>

	Years Ended December 31,		
	2001	2000	1999
In millions, except where noted			
<S>	<C>	<C>	<C>
Operating revenues.....	\$ 43,197	\$ 33,874	\$ 11,801
Operating expenses.....	41,809	33,370	11,581
Operating income.....	1,388	504	220
Other income, net of expenses.....	7	3	60
Minority interest expense.....	44	73	61
EBIT.....	\$ 1,351	\$ 434	\$ 219
Natural gas marketed, TBtu/d.....	12.4	11.9	10.5
Electricity marketed and traded, GWh.....	335,210	275,258	109,634
Proportional megawatt capacity in operation	6,799	5,134	3,532
Proportional megawatt capacity owned(a)....	15,569	8,984	5,799

</TABLE>

(a) Includes under construction or under contract at period end

Compared to 2000, NAWE's EBIT increased \$917 million in 2001. The increase in EBIT reflects a 32% increase in the proportional megawatt capacity of generation assets in operation. Increased earnings also resulted from a 4% increase in the marketing of natural gas volumes and a 22% increase in the marketing and trading of electricity volumes. Additionally, EBIT increased \$63 million over the prior year due to the sale of NAWE's interests in generating facilities, consistent with its portfolio management strategy, and \$110 million due to a charge in 2000 related to receivables for energy sales in California. These increases were partially offset by increased operating and development costs associated with business expansion and a current-year charge of \$36 million for non-collateralized accounting exposure to Enron Corporation, which filed for bankruptcy in 2001. (See Quantitative and Qualitative Disclosures About Market Risk--Credit Risk.) Changes in the ownership percentage of NAWE's waste-to-energy plants and decreased earnings at DETM resulted in a \$29 million decrease in minority interest expense compared to the prior year.

In 2001, NAWE experienced strong growth rates by taking advantage of significant volatility in the marketplace. While management is taking steps to continue to increase earnings, 2001 results may not be indicative of NAWE's future earnings trends.

In 2000, EBIT for NAWE increased \$215 million from 1999, the result of increased earnings from asset positions, increased trading margins due to price volatility in natural gas and power, and a \$47 million increase in income from the sale of interests in generating facilities. Operating revenues and expenses increased as the volumes of natural gas and electricity marketed increased 13% and 151%, respectively. These increases were partially offset by the \$110 million charge related to receivables for energy sales in California, and increased operating and development costs associated with business expansion.

36

<PAGE>

International Energy

<TABLE>

<CAPTION>

	Years Ended December 31,		
	2001	2000	1999

	In millions, except where noted		

<S>	<C>	<C>	<C>
Operating revenues.....	\$2,090	\$1,067	\$ 357
Operating expenses.....	1,817	745	290

Operating income.....	273	322	67
Operating income, net of expenses.....	36	42	8
Minority interest expense.....	23	23	31

EBIT.....	\$ 286	\$ 341	\$ 44
	=====		
Proportional megawatt capacity in operation.....	4,568	4,226	2,974
Proportional megawatt capacity owned(a).....	5,386	4,876	2,974
Proportional maximum pipeline capacity in operation, MMcf/d(b).....	255	255	83
Proportional maximum pipeline capacity owned (a), MMcf/d.....	363	363	255

</TABLE>

(a) Includes under construction or under contract at period end

(b) Million cubic feet per day

International Energy's EBIT decreased \$55 million in 2001 compared to 2000. The decrease was due primarily to a \$54 million gain recognized in 2000 from the sale of liquefied natural gas ships, and the impact in 2001 of foreign currency devaluation on the earnings of international operations. However, these were offset by inflation adjustment clauses in certain contracts and stronger Latin American operational results.

In 2000, International Energy's EBIT increased \$297 million compared to 1999. The increase was primarily attributable to increased earnings in Latin America, mainly resulting from new investments. (See Note 2 to the Consolidated Financial Statements for a discussion of significant acquisitions.) The increase also included \$54 million from the February 2000 sale of liquefied

natural gas ships.

Other Energy Services

<TABLE>
<CAPTION>

Years Ended December 31,			
2001	2000	1999	

In millions			
<S>	<C>	<C>	<C>
Operating revenues	\$565	\$695	\$ 989
Operating expenses	578	754	1,075

EBIT.....	<u>\$(13)</u>	<u>\$(59)</u>	<u>\$ (86)</u>

</TABLE>

In 2001, EBIT for Other Energy Services improved \$46 million compared to 2000. Current-year results included approximately \$36 million of charges at DE&S and DukeSolutions for goodwill impairment. These charges were offset by the prior year's loss on a D/FD project of \$62 million and a \$27 million charge at DE&S to reflect a more conservative revenue recognition approach on its projects. D/FD uses the percentage-of-completion method to recognize income. (See Note 1 to the Consolidated Financial Statements for a discussion of revenue recognition.) Operating revenues and expenses also decreased compared to 2000, due to cessation of retail commodity trading at DukeSolutions. On January 31, 2002, Duke Energy announced the planned sale of DE&S to Framatome ANP, Inc. and, on March 13, 2002, Duke Energy announced the planned sale of DukeSolutions to Ameresco, Inc. (See Current Issues--Subsequent Events.)

EBIT for Other Energy Services improved \$27 million in 2000 compared to 1999. New business activity and decreased operating expenses at DukeSolutions and earnings related to new projects at D/FD were

37

<PAGE>

responsible for improved EBIT in 2000. The results for 2000 also included the D/FD project loss and the DE&S charge mentioned above. Partially offsetting these amounts were 1999 charges of \$38 million at DE&S and \$35 million at DukeSolutions, related to expenses for severance and office closings associated with repositioning the companies.

Duke Ventures

<TABLE>
<CAPTION>

Years Ended December 31,			
2001	2000	1999	

In millions			

<S>	<C>	<C>	<C>
Operating revenues.....	\$646	\$797	\$433
Operating expenses.....	461	229	268

Operating income.....	185	568	165
Minority interest expense	2	--	--

EBIT.....	\$183	\$568	\$165
=====			

<TABLE>

EBIT for Duke Ventures decreased \$385 million in 2001 compared to 2000, due mainly to DukeNet's sale of its 20% interest in BellSouth Carolina PCS to BellSouth Corporation in 2000, for a pre-tax gain of \$407 million. This decrease was minimally offset by increased earnings at Crescent, related primarily to increased commercial project sales, and the absence of losses related to DukeNet's BellSouth Carolina PCS investment. Excluding the gain on the sale in 2000, operating revenues and expenses increased due to DCP, which began operations in late 2000.

In 2000, EBIT for Duke Ventures increased \$403 million compared to 1999. This increase, primarily attributable to the DukeNet gain on the sale mentioned above, was slightly offset by a decrease in commercial project sales and land sales at Crescent.

Other Operations

EBIT for Other Operations decreased \$163 million in 2001 and \$49 million in 2000. The decrease for 2001 was due primarily to increased contributions to the Duke Energy Foundation (an independent, Internal Revenue Code section 501(c)(3) entity that funds Duke Energy's charitable contributions), mark-to-market losses on corporately managed energy risk positions used to hedge exposure to commodity prices, increased unallocated corporate costs and a prior-year interest refund from a Revenue Agency Ruling. The decrease in 2000 was due primarily to increased unallocated corporate costs.

Other Impacts on Earnings Available for Common Stockholders

Interest expense decreased \$126 million in 2001, due primarily to lower interest rates. In 2000, interest expense increased \$310 million due to higher average outstanding debt balances, resulting from acquisitions and expansion.

Minority interest expense increased \$20 million in 2001 and \$165 million in 2000. Minority interest expense includes expense related to regular distributions on preferred securities of Duke Energy and its subsidiaries. This expense increased \$39 million in 2001 and \$14 million in 2000 related to Catawba River Associates, LLC (Catawba), which was formed by Duke Energy in September 2000. (See Note 13 to the Consolidated Financial Statements.) In 2000, this expense increased \$21 million due to additional issuances of Duke Energy's trust preferred securities during 1999. (See Note 12 to the Consolidated Financial Statements.)

Minority interest expense as shown and discussed in the preceding business segment EBIT discussions includes only minority interest expense related to

EBIT of Duke Energy's joint ventures. It does not include minority interest expense related to interest and taxes of the joint ventures. Total minority interest expense

38

<PAGE>

related to the joint ventures (including the portion related to interest and taxes) decreased \$19 million in 2001 and increased \$130 million in 2000. The 2001 decrease is due to changes in the ownership percentage of NAWE's waste-to-energy plants and decreased earnings by DETM, NAWE's joint venture with Exxon Mobil Corporation, offset slightly by increased minority interest expense for Field Services' joint venture with Phillips Petroleum. The 2000 increase was primarily due to increased minority interest expense at Field Services and NAWE, partially offset by decreased minority interest expense at International Energy due to its 1999 and 2000 acquisitions. (See Notes 2 and 8 to the Consolidated Financial Statements for more information on acquisitions and new joint venture projects.)

Duke Energy's effective tax rate was approximately 37% for 2001, 37% for 2000 and 35% for 1999.

During 2001, Duke Energy recorded a one-time net-of-tax charge of \$96 million related to the cumulative effect of a change in accounting principle for the January 1, 2001 adoption of SFAS No. 133. This charge related to contracts that either did not meet the definition of a derivative under previous accounting guidance or do not qualify as hedge positions under new accounting requirements. (See Notes 1 and 7 to the Consolidated Financial Statements.)

The sale of PEPL, Trunkline and additional storage related to those systems, along with Trunkline LNG Company to CMS, closed in March 1999 and resulted in a \$660 million extraordinary gain, after income tax of \$404 million. (See Note 1 to the Consolidated Financial Statements.)

CRITICAL ACCOUNTING POLICIES

See Quantitative and Qualitative Disclosures About Market Risk--Risk and Accounting Policies for a discussion of Mark-to-Market Accounting, Hedge Accounting and Normal Purchases and Normal Sales, Special Exemption. Also see Note 1 to the Consolidated Financial Statements for a discussion of significant accounting policies.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2001, Duke Energy had \$290 million in Cash and Cash Equivalents on the Consolidated Balance Sheets. This compares to \$622 million as of December 31, 2000 and \$613 million as of December 31, 1999.

Operating Cash Flows

Net cash provided by operations increased \$2,370 million in 2001 and decreased \$459 million in 2000. The 2001 increase is due primarily to price

movements in the energy commodities markets which have a direct impact on Duke Energy's use and generation of cash from operations. Earnings increase as natural gas and electricity prices move favorably with respect to contracts Duke Energy holds. In addition, counterparties may be required to post collateral in cash or letters of credit if price moves benefit Duke Energy. This mechanism gives Duke Energy use of those funds on a short-term basis. Conversely, negative price impacts reduce earnings and may require Duke Energy to post collateral with its counterparties. Cash collateral posted by Duke Energy is included in Other Current Assets and cash collateral collected by Duke Energy is included in Other Current Liabilities on the Consolidated Balance Sheets. In 2000, Duke Energy posted more collateral with counterparties, reducing cash from operations. In addition, Duke Energy made tax payments in 2000 related to the sale of pipelines in 1999. These accounted for the reduced operating cash flows for 2000 compared to 1999.

Investing Cash Flows

Cash used in investing activities increased \$1,351 million in 2001 and \$1,179 million in 2000. The primary use of cash for investing activities is capital and investment expenditures, which are detailed by business segment in the following table.

39

<PAGE>

Capital and Investment Expenditures by Business Segment (a)

<TABLE>

<CAPTION>

	Years Ended December 31,		
	2001	2000	1999
	In millions		
<S>	<C>	<C>	<C>
Franchised Electric.....	\$1,115	\$ 661	\$ 759
Natural Gas Transmission.....	748	973	261
Field Services.....	587	376	1,630
North American Wholesale Energy	3,272	1,937	1,028
International Energy.....	442	980	1,779
Other Energy Services.....	13	28	94
Duke Ventures.....	773	643	382
Other Operations.....	90	36	3
Total consolidated.....	\$7,040	\$5,634	\$5,936

</TABLE>

(a) Amounts are gross of cash received from acquisitions

Capital and investment expenditures increased \$1,406 million in 2001 compared to 2000. The increase reflects additional expansion and development expenditures (especially related to NAW's generating facilities),

refurbishment and upgrades to existing assets (primarily related to Franchised Electric) and minor acquisitions of businesses and assets. Also in 2001, Natural Gas Transmission invested in a 50% interest in Gulfstream Natural Gas System, LLC, a joint interstate natural gas pipeline development that will extend from Mississippi and Alabama across the Gulf of Mexico to Florida. These increases were partially offset by Natural Gas Transmission's acquisition of ETNG for approximately \$390 million and of MHP for approximately \$250 million in cash, and International Energy's approximately \$280 million tender offer for Companhia de Geracao de Energia Eletrica Paranapanema (Paranapanema) in 2000. (See Note 2 to the Consolidated Financial Statements for more information about significant acquisitions.)

Capital and investment expenditures decreased by \$302 million in 2000 compared to 1999. In 2000, Natural Gas Transmission's capital expenditures increased primarily for business expansion related to the acquisitions of ETNG and MHP. Also in 2000, NAWE began construction of a number of power generation plants in the U.S. and continued capital expenditures on ongoing projects. International Energy's business expansion included completion of the Paranapanema tender offer and the approximately \$405 million acquisition of Dominion Resources, Inc.'s portfolio of hydroelectric, natural gas and diesel power generation businesses in Latin America.

Offsetting the capital and investing expenditures were cash proceeds of \$400 million from the sale of Duke Energy's 20% interest in BellSouth Carolina PCS in 2000 and \$1,900 million from the sale of pipelines to CMS in 1999. (See Note 1 to the Consolidated Financial Statements for more information on the sale of the pipelines.)

Projected 2002 capital and investment expenditures for Duke Energy are approximately \$8.0 billion, of which over 80% is planned for competitive business segments not subject to state rate regulation. This projection includes approximately \$6.5 billion for acquisitions and other expansion opportunities and \$1.5 billion for existing plant upgrades. The above amounts do not include expenditures for the Westcoast acquisition. (See Current Issues--Subsequent Events.)

All projected capital and investment expenditures are subject to periodic review and revision and may vary significantly depending on a number of factors, including, but not limited to, industry restructuring, regulatory constraints, acquisition opportunities, market volatility and economic trends.

Duke Energy's growth initiatives, along with dividends, debt repayments and operating requirements are expected to be funded by cash from operations, debt and capital market financings, project financings, common

<PAGE>

stock issuances through its InvestorDirect Choice Plan and employee benefit plans, and proceeds from the sale of assets. These financing opportunities are dependent upon the opportunities presented and favorable market conditions. Additionally, internal cash generation should fund approximately half of the capital needs. Management believes Duke Energy has adequate financial resources

to meet its future needs.

Financing Cash Flows

Duke Energy's consolidated capital structure at December 31, 2001, including short-term debt, was 46% debt, 41% common equity, 7% minority interests, 5% trust preferred securities and 1% preferred stock. Fixed charges coverage, calculated using Securities and Exchange Commission (SEC) guidelines, was 3.8 times for 2001, 3.6 times for 2000 and 2.7 times for 1999.

During 2001, DEFS issued \$250 million of 6.875% senior unsecured notes due in 2011 and \$300 million of 5.75% senior unsecured notes due in 2006. The proceeds were used to repay DEFS' short-term debt. Also during 2001, Duke Capital Corporation (a wholly owned subsidiary of Duke Energy), increased its note payable to D/FD by \$427 million, to \$568 million as of December 31, 2001. The weighted-average interest rate on this note for 2001 was 4.05%. (See Notes 8 and 10 to the Consolidated Financial Statements.)

In March 2001, Duke Energy completed an offering of 25 million shares of common stock, priced at \$38.98 per share, before underwriting discount and other offering expenses. In addition, Duke Energy completed an offering of approximately 31 million mandatory convertible securities (Equity Units), at \$25 per unit, before underwriting discount and other offering expenses. The Equity Units consist of senior notes of Duke Capital Corporation (which are included in Long-term Debt on the Consolidated Balance Sheets; see Note 10 to the Consolidated Financial Statements), and purchase contracts obligating the investors to purchase shares of Duke Energy's common stock in 2004. The number of shares to be issued in 2004 will be based on the price of the common stock at conversion. Also in March 2001, the underwriters exercised options granted to them to purchase an additional 3.75 million shares of common stock and four million Equity Units at the original issue prices, less underwriting discounts, to cover over-allotments made during the offerings. Total net proceeds from the offerings, approximately \$1.9 billion, were used to repay short-term debt and for other corporate purposes.

In November 2001, Duke Energy completed an offering of 30 million Equity Units, at \$25 per unit, before underwriting discount and other offering expenses. The Equity Units consist of senior notes of Duke Capital Corporation (which are included in Long-term Debt on the Consolidated Balance Sheets; see Note 10 to the Consolidated Financial Statements), and purchase contracts obligating the investors to purchase shares of Duke Energy's common stock in 2004. The number of shares to be issued in 2004 will be based on the price of the common stock at conversion. The net proceeds from the offering of approximately \$731 million provided a component of the permanent financing for the Westcoast acquisition. Prior to the close of the Westcoast acquisition, the net proceeds of the offering were used to manage working capital needs.

During 2001, Duke Energy redeemed eight issues of its first and refunding mortgage bonds to take advantage of the general decline in interest rates. The total face value of the redeemed bonds was \$511 million, with interest rates ranging from 5.875% to 8.3%. To fund these redemptions, Duke Energy issued commercial paper and used cash proceeds generated from short-term investments.

In January 2002, Duke Energy issued \$750 million of 6.25% senior unsecured

bonds due in 2012 and \$250 million of floating rate (based on the three-month London Interbank Offered Rate (LIBOR) plus 0.35%) senior unsecured bonds due in 2015. The proceeds from these issuances were used to manage working capital needs.

In February 2002, Duke Capital Corporation issued \$500 million of 6.25% senior unsecured bonds due in 2013 and \$250 million of 6.75% senior unsecured bonds due in 2032. In addition, Duke Capital Corporation, through a private placement transaction, issued \$500 million of floating rate (based on the one-month LIBOR

41

<PAGE>

plus 0.65%) senior unsecured bonds due in 2003. The proceeds from these issuances were used to manage working capital needs and to fund a portion of the cash consideration for the Westcoast acquisition.

Under its commercial paper, medium-term notes and extendible commercial notes (ECNs) programs, Duke Energy had the ability to borrow up to \$5,358 million at December 31, 2001 compared with \$5,720 million at December 31, 2000. These programs do not have termination dates. The following table summarizes the commercial paper, medium-term notes and ECNs as of December 31, 2001.

<TABLE>

<CAPTION>

	Duke Energy				
	Duke Energy Corporation	Duke Capital Corporation (a)	Field Services	Duke Energy International	Total

	In millions				
<S>	<C>	<C>	<C>	<C>	<C>
Commercial paper	\$1,250	\$1,550	\$675	\$383(b)	\$3,858
ECNs.....	500	1,000	--	--	1,500

Total.....	\$1,750	\$2,550	\$675	\$383	\$5,358
=====					

</TABLE>

(a) Duke Capital Corporation provides financing and credit enhancement services for its subsidiaries.

(b) Includes ability to issue medium-term notes

The total amount of Duke Energy's bank credit facilities was approximately \$4,606 million as of December 31, 2001 compared with \$4,205 million as of December 31, 2000. Some of the credit facilities support the issuance of commercial paper; therefore, the issuance of commercial paper reduces the amount available under these credit facilities. As of December 31, 2001, approximately \$2,970 million was outstanding in the form of commercial paper, medium-term notes and ECNs, and approximately \$38 million of borrowings were outstanding under the bank credit facilities. The credit facilities expire from 2002 to 2004 and are not subject to minimum cash requirements; however, borrowings and issuances of letters of credit under approximately \$1,100

million of these facilities are subject to and dependent on the senior unsecured debt ratings of Duke Capital Corporation (currently rated A3/A/A). Ratings of Baa2, BBB or the equivalent by at least two of Moody's Investors Service, Standard & Poor's and Fitch, Inc. must be maintained to obtain additional borrowings and issuances of letters of credit. Any outstanding borrowings would not become due and payable. (See Note 10 to the Consolidated Financial Statements for more information on the bank credit facilities.)

As of December 31, 2001, Duke Energy and its subsidiaries had effective SEC shelf registrations for up to \$3,500 million in gross proceeds from debt and other securities. Subsequent to December 31, 2001, these SEC shelf registrations have been reduced by \$1,750 million for the senior and unsecured bonds issued in January and February 2002, excluding the private placement transaction. Under the SEC shelf registrations, such securities may be issued as senior notes, first and refunding mortgage bonds, subordinated notes, trust preferred securities, Duke Energy common stock, stock purchase contracts or stock purchase units.

In 2000, Duke Energy issued \$250 million 7.125% senior unsecured bonds due in 2012 with a put option that gives investors the choice to put the bond to Duke Energy at par value in September 2002 or extend the maturity until 2012. If extended, the bonds would be recouped at 5.7% plus the Duke Energy 10-year credit spread on the extension date. Also in 2000, Duke Capital Corporation issued \$150 million senior unsecured bonds due in 2003 that become due and payable if Duke Capital Corporation's debt ratings fall below BBB.

In 2000, Catawba, a fully consolidated financing entity managed by a subsidiary of Duke Energy, issued \$1,025 million of preferred member interests to a third-party investor. Catawba subsequently advanced the proceeds from the sale to DE Power Generation, LLC, a wholly owned subsidiary of Duke Energy, which indirectly owns or leases six merchant power generation facilities located in California, Maine and Indiana. Catawba is a limited liability company with a separate existence and identity from its preferred members, and the assets of Catawba are separate and legally distinct from Duke Energy. The preferred member interests receive

42

<PAGE>

quarterly a preferred return equal to an adjusted floating reference rate (approximately 5.20% for the full year ended December 31, 2001). (See Note 13 to the Consolidated Financial Statements for more information.)

To maintain financial flexibility and reduce the amount of financing needed for growth opportunities, Duke Energy's Board of Directors adopted a dividend policy in 2000 that maintains dividends at the current quarterly rate of \$0.275 per share, subject to declaration by the Board of Directors. This policy is consistent with Duke Energy's growth profile and strikes a balance between providing a competitive dividend yield and ensuring that cash is available to fund Duke Energy's growth. Duke Energy has paid quarterly cash dividends for 75 consecutive years. Dividends on common and preferred stocks in 2002 are expected to be paid on March 15, June 17, September 16 and December 16, subject to the discretion of the Board of Directors.

Duke Energy's InvestorDirect Choice Plan, a stock purchase and dividend investment plan, allows investors to reinvest dividends in new issuances of common stock and to purchase common stock directly from Duke Energy. Issuances under this plan were not material in 2001, 2000 or 1999.

Duke Energy used authorized but unissued shares of its common stock to meet 2001 and 2000 employee benefit plan contribution requirements. This practice is expected to continue in 2002.

Contractual Obligations and Commercial Commitments

As part of its normal business, Duke Energy is a party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These arrangements are largely entered into by Duke Capital Corporation. To varying degrees, these guarantees involve elements of performance and credit risk, which are not included on the Consolidated Balance Sheets. The possibility of Duke Energy having to honor its contingencies is largely dependent upon future operations of various subsidiaries, investees and other third parties, or the occurrence of certain future events. Duke Energy would record a reserve if events occurred that required that one be established. (See Note 15 to the Consolidated Financial Statements for more information on financial guarantees.)

In addition, Duke Energy enters into various fixed-price, non-cancelable commitments to purchase or sell power (tolling arrangements or power purchase contracts), take-or-pay arrangements, transportation or throughput agreements and other contracts that may or may not be recognized on the Consolidated Balance Sheets. Some of these arrangements may be recognized at market value on the Consolidated Balance Sheets as trading contracts or qualifying hedge positions included in Unrealized Gains or Losses on Mark-to-Market and Hedging Transactions.

43

<PAGE>

The following table summarizes Duke Energy's contractual cash obligations for each of the years presented.

Contractual Cash Obligations

<TABLE>
<CAPTION>

Payments Due

2002 2003 2004 2005 2006 Thereafter

In millions

	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt (Note 10).....	\$ 261	\$ 576	\$ 883	\$1,016	\$2,101	\$7,745
Preferred securities (Notes 12 and 14)	13	2	2	2	2	1,424
Operating leases (Note 15).....	87	70	57	43	34	75

Firm capacity payments (a).....	231	177	142	123	109	563
Purchase commitments (b).....	629	262	527	586	268	--
Other(c).....	1,635	211	--	--	--	--
Total contractual cash obligations....	\$2,856	\$1,298	\$1,611	\$1,770	\$2,514	\$9,807

</TABLE>

(a) Includes firm capacity payments that provide Duke Energy with uninterrupted firm access to natural gas transportation and storage, electricity transmission capacity, and the option to convert natural gas to electricity at third-party owned facilities (tolling arrangements) in some natural gas and power locations throughout North America. Based on current estimates, the market value of underlying transportation, storage and electricity available under such arrangements exceeds the discounted fair value of the capacity payments.

(b) Amounts include Duke Energy's obligations as of December 31, 2001 to purchase gas-fired turbines, steam turbines and heat recovery steam generators (HRSG). Commitments under the turbine and HRSG purchase agreements are payable consistent with the delivery schedule. The purchase agreements include milestone requirements by the manufacturer and provide Duke Energy with the ability to cancel each discrete purchase order commitment in exchange for a termination fee, which escalates over time. The amounts included above assume that all turbines and HRSGs will be purchased. However, if Duke Energy had terminated the turbine and HRSG purchase orders at December 31, 2001 as allowed by the agreements, the termination fee would have been \$569 million. Approximately 50% of this termination fee relates to turbines that Duke Energy has allocated to power generation facilities currently under construction.

(c) Amounts include engineering, procurement and construction costs for power generation facilities in North America. Such amounts are payable to D/FD, a related party in which Duke Energy has a 50% equity interest, and excluded from the Consolidated Balance Sheets since Duke Energy accounts for D/FD using the equity method of accounting.

Duke Energy also has substantial commitments as part of its growth strategy and ongoing construction programs. (See Investing Cash Flows for 2002's projected expenditures.)

The following table summarizes the commercial commitments in effect as of December 31, 2001 by expiration date.

Commercial Commitments

<TABLE>

<CAPTION>

(see Note 15)	Total Amount of Commitment Expiring Each Period						
	Amounts	Committed	2002	2003	2004	2005	2006 Thereafter
	In millions						
	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Guaranteed debt of affiliates	\$200	\$ --	\$ --	\$ --	\$ --	\$ --	\$200
Surety and bid bonds (a).....	198	165	32	1	--	--	--
Letters of credit.....	181	151	10	--	20	--	--

ABLE>

(a) Surety bonds are contractual agreements where Duke Energy obligates itself to a second party to answer for the default of a third party, such as a contractor. Bid bonds are issued to the owners of projects and are subject to full or partial forfeiture for failure to perform obligations arising from a successful bid. All public and some private jobs require a bid bond or cashier's check to be submitted with a bid.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk and Accounting Policies

Duke Energy is exposed to market risks associated with commodity prices, credit exposure, interest rates, equity prices and foreign currency exchange rates. Management has established comprehensive risk management

44

<PAGE>

policies to monitor and manage these market risks. Duke Energy's Policy Committee is responsible for the overall approval of market risk management policies and the delegation of approval and authorization levels. The Policy Committee is composed of senior executives who receive periodic updates from Chief Risk Officer (CRO) on market risk positions, corporate exposures, credit exposures and overall risk management activities. The CRO is responsible for the overall management of credit risk and commodity price risk, including monitoring exposure limits.

Mark-to-Market Accounting (MTM accounting). Under the MTM accounting method, an asset or liability is recognized at fair value and the change in the fair value of that asset or liability is recognized in earnings during the current period. This accounting method has been used by other industries for many years, and in 1998 the Financial Accounting Standards Board's (FASB) Emerging Issues Task Force (EITF) issued guidance that required MTM accounting for energy trading contracts. MTM accounting reports contracts at their "fair value," (the value a willing third party would pay for the particular contract at the time a valuation is made).

When available, quoted market prices are used to record a contract's fair value. However, market values for energy trading contracts may not be readily determinable because the duration of the contracts exceeds the liquid activity in a particular market. If no active trading market exists for a commodity or for a contract's duration, holders of these contracts must calculate fair value using pricing models or matrix pricing based on contracts with similar terms and risks. This is validated by an internal group independent of Duke Energy's trading area. Holders of thinly traded securities or investments (mutual funds, for example) use similar techniques to price such holdings. Correlation and volatility are two significant factors used in the computation of fair values. Duke Energy validates its internally developed fair values by comparing

locations/durations that are highly correlated, using forecasted market intelligence and mathematical extrapolation techniques. While Duke Energy uses industry best practices to develop its pricing models, changes in Duke Energy's pricing methodologies or the underlying assumptions could result in significantly different fair values, income recognition and realization in future periods.

Hedge Accounting. Hedging typically refers to the mechanism that Duke Energy uses to mitigate the impact of volatility associated with price fluctuations. Hedge accounting treatment is used when Duke Energy contracts to buy or sell a commodity such as natural gas or electricity at a fixed price for future delivery corresponding with anticipated physical sales or purchases of natural gas and power (cash flow hedge). In addition, hedge accounting treatment is used when Duke Energy holds firm commitments or asset positions, and enters into transactions that "hedge" the risk that the price of natural gas or power may change between the contract's inception and the physical delivery date of the commodity (fair value hedge). While the majority of Duke Energy's hedging transactions are used to protect the value of future cash flows related to its physical assets, to the extent the hedge is effective, Duke Energy recognizes in earnings the value of the contract when the commodity is purchased or sold, or the hedged transaction occurs or settles.

Normal Purchases and Normal Sales, Special Exemption. A unique characteristic of the electric power industry is that electricity cannot be readily stored in significant quantities. As a result, some of the contracts to buy and sell electricity allow the buyer some flexibility in determining when to take electricity and in what quantity to match fluctuating demand. These contracts would normally meet the definition of a derivative requiring MTM or hedge accounting. However, because electricity cannot be readily stored in significant quantities and an entity engaged in selling electricity is obligated to maintain sufficient capacity to meet the electricity needs of its customer base, an option contract for the purchase of electricity qualifies for the normal purchases and sales exemption described in Paragraph 10 of SFAS No. 133 and Derivative Implementation Group (DIG) Issue No. C15, "Scope Exceptions: Normal Purchases and Normal Sales Exception for Option-Type Contracts and Forward Contracts in Electricity." Therefore, contracts that Duke Energy holds for the sale of power in future periods that meet the criteria in DIG Issue No. C15 have been designated as "normal purchase, normal sales" contracts, and are exempted from recognition in the Consolidated Financial Statements until power is delivered. Duke Energy tracks these contracts separately in its hedge portfolio, but no value for these contracts is included in the Consolidated Financial Statements until power is actually delivered.

<PAGE>

Duke Energy's wholesale energy portfolio in North America includes the merchant generation facilities and trading contracts held for power, natural gas, crude oil and petroleum products. Of the total estimated value of this portfolio, approximately 80% is attributed to the anticipated value of merchant generation facility capacity owned or controlled by Duke Energy. This portion of the value of the merchant generation portfolio is anticipated to be realized in future periods as the generation facilities are dispatched. A portion of

this future value is secured by hedge contracts. Of the unhedged capacity, dispatch performance, and in some cases price, has been further secured through contracts designated as normal purchases and normal sales. Only the contracts designated and effective as qualifying hedges are reflected on Duke Energy's Consolidated Balance Sheets at fair value. Changes in the fair value of hedging contracts do not affect current-period earnings. Normal purchase and normal sales contracts are not subject to accounting recognition until contract performance occurs. The remaining percentage of the total estimated value of the merchant generation portfolio is attributed to the current value of trading contracts. These contracts are subject to MTM accounting and changes in the contract fair value are recorded as part of current-period earnings. The table below represents the value by year of Duke Energy's North American merchant generation portfolio. It does not include the value of trading positions, or hedges of other commodity risks or exposures.

North American Merchant Generation Portfolio Value as of December 31, 2001

<TABLE>

<CAPTION>

Maturity in 2002	Maturity in 2003	Maturity in 2005 and Maturity in 2004	Thereafter (a)	Total Portfolio Value
In millions				
<C>	<S>	<C>	<C>	
\$814	\$819	\$835	\$3,930	\$6,398

</TABLE>

For purposes of calculating total portfolio value, model valuations were calculated through 2010.

As of December 31, 2001, the portion hedged of NAW's expected output of its merchant generation portfolio was 91%, 62% and 62% for 2002, 2003 and 2004, respectively, through derivative contracts such as forward natural gas purchases and forward power sales.

Commodity Price Risk

Duke Energy, substantially through its subsidiaries, is exposed to the impact of market fluctuations in the price of natural gas, electricity and other energy-related products marketed and purchased. Duke Energy employs established policies and procedures to manage its risks associated with these market fluctuations using various commodity derivatives, including forward contracts, futures, swaps and options for trading purposes and for activity other than trading activity (primarily hedge strategies). (See Notes 1 and 7 to the Consolidated Financial Statements.)

Trading. The risk in the trading portfolio is measured and monitored on a daily basis utilizing a Value-at-Risk model to determine the potential one-day favorable or unfavorable Daily Earnings at Risk (DER) as described below. DER is monitored daily in comparison to established thresholds. Other measures are also used to limit and monitor risk in the trading portfolio (which includes trading contracts not designated as hedge positions) on monthly and annual bases. These measures include limits on the nominal size of positions and periodic loss limits.

46

<TABLE>
<CAPTION>

In millions

<S>

<C>

Fair value of contracts outstanding at the beginning of the year.....	\$ 605
Contracts realized or otherwise settled during the year.....	(746)
Fair value of contracts entered into during the year.....	622
Changes in fair value amounts attributable to changes in valuation techniques	(6)
Other changes in fair values.....	749

Fair value of contracts before SFAS No. 133 transition adjustment.....	1,224
SFAS No. 133 transition adjustment.....	(155)

Fair value of contracts outstanding at the end of the year.....	\$1,069

</TABLE>

For the year ended December 31, 2001, the unrealized net margin recognized in operating income was \$619 million as compared to \$139 million for 2000 and \$41 million for 1999. The fair value of these contracts is expected to be realized in future periods, as detailed in the following table. The amount of cash ultimately realized for these contracts will differ from the amounts shown in the following table due to factors such as market volatility, counterparty default and other unforeseen events that could impact the amount and/or realization of these values. At December 31, 2001, Duke Energy held cash or letters of credit of \$1,071 million to secure such future performance, and had deposited with counterparties \$178 million of such collateral to secure its obligations to provide such future services. Collateral amounts held or posted vary depending on the value of the underlying contracts and cover trading, normal purchases and normal sales, and hedging contracts outstanding. Duke Energy may be required to return held collateral and post additional collateral should price movements adversely impact the value of open contracts or positions.

47

<PAGE>

When available, Duke Energy uses observable market prices for valuing its trading instruments. When quoted market prices are not available, management uses established guidelines for the valuation of these contracts. Management may use a variety of reasonable methods to assist in determining the valuation of a trading instrument, including analogy to reliable quotations of similar trading instruments, pricing models, matrix pricing and other formula-based pricing methods. These methodologies incorporate factors for which published market data may be available. All valuation methods employed by Duke Energy are approved by an independent internal corporate risk management organization.

The following table shows the fair value of Duke Energy's trading portfolio as of December 31, 2001.

<TABLE>

<CAPTION>

Fair Value of Trading Contracts as of December 31, 2001

Sources of Fair Value	Maturity in 2002	Maturity in 2005	Maturity in 2003	Total and in 2004	Fair Thereafter	Value
In millions						
<S>	<C>	<C>	<C>	<C>	<C>	
Prices supported by quoted market prices and other external sources.....	\$ 457	\$153	\$ 9	\$ 26	\$ 645	
Prices based on models and other Valuation methods.....			(104)	11	128	389 424
Total.....	\$ 353	\$164	\$137	\$415	\$1,069	

</TABLE>

The "prices supported by quoted market prices and other external sources" category includes Duke Energy's New York Mercantile Exchange (NYMEX) futures positions in natural gas and crude oil. The NYMEX has currently quoted prices for the next 32 months. In addition, this category includes Duke Energy's forward positions and options in natural gas and power and natural gas basis swaps at points for which over-the-counter (OTC) broker quotes are available. On average, OTC quotes for natural gas and power forwards and swaps extend 22 and 32 months into the future, respectively. OTC quotes for natural gas and power options extend 12 months into the future, on average. Duke Energy values these positions against internally developed forward market price curves that are constantly validated and recalibrated against OTC broker quotes. This category also includes "strip" transactions whose prices are obtained from external sources and then modeled to daily or monthly prices as appropriate.

The "prices based on models and other valuation methods" category includes (i) the value of options not quoted by an exchange or OTC broker, (ii) the value of transactions for which an internally developed price curve was constructed as a result of the long dated nature of the transaction or the illiquidity of the market point, and (iii) the value of structured transactions. It is important to understand that in certain instances structured transactions can be decomposed and modeled by Duke Energy as simple forwards and options based on prices actively quoted. Although the valuation of the simple structures might not be different from the valuation of contracts in other categories, the effective model price for any given period is a combination of prices from two or more different instruments and therefore have been included in this category due to the complex nature of these transactions.

The value of Duke Energy's trading portfolio valuation adjustments for liquidity, credit and cost of service is reflected in the above amounts.

Hedging Strategies. Some Duke Energy subsidiaries are exposed to market fluctuations in the prices of energy commodities related to their power generating and natural gas gathering, processing and marketing activities. Duke Energy closely monitors the risks associated with these commodity price changes in its future operations and, where appropriate, uses various commodity instruments such as electricity, natural gas, crude oil and NGL contracts to

hedge the value of its assets and operations from such price risks. In accordance with SFAS No. 133, Duke Energy's primary use of energy commodity derivatives is to hedge the output and

48

<PAGE>

production of assets it physically owns. Contract terms are up to 13 years; however, since these contracts are designated and qualify as effective hedge positions of future cash flows, or fair values of assets owned by Duke Energy, to the extent that the hedge relationships are effective, their market value change impacts are not recognized in current earnings. The unrealized gains or losses on these contracts are deferred in Other Comprehensive Income (OCI) or included in Other Current or Noncurrent Assets or Liabilities on the Consolidated Balance Sheets, in accordance with SFAS No. 133. Amounts deferred in OCI are realized in earnings concurrently with the transaction being hedged. (See Notes 1 and 7 to the Consolidated Financial Statements.) However, in instances where the hedging contract no longer qualifies for hedge accounting, amounts included in OCI through the date of de-designation remain in OCI until the underlying transaction actually occurs. The derivative contract (if continued as an open position) will be marked to market currently through earnings. Several factors influence the effectiveness of a hedge contract, including counterparty credit risk.

The following table shows when gains and losses deferred on the Consolidated Balance Sheets for derivative instruments qualifying as effective hedges of firm commitments or anticipated future transactions will be recognized into earnings. Contracts with terms extending several years are generally valued using models and assumptions developed internally or by industry standards. However, as mentioned previously, the gains and losses for these contracts are not recognized in earnings until settlement at their then market price. Therefore, assumptions and valuation techniques for these contracts have no impact on reported earnings prior to settlement.

The fair value of Duke Energy's qualifying hedge positions at a point in time is not necessarily indicative of the value realized when such contracts settle.

Fair Value of Hedge Position Contracts as of December 31, 2001

<TABLE>

<CAPTION>

Maturity in 2002	Maturity in 2003	Maturity in 2005 and Maturity in 2004	Thereafter	Total Contract Value
In millions				
<C>	<S>	<C>	<C>	
\$454	\$156	\$71	\$(38)	\$643

</TABLE>

In addition to the hedge contracts described above and recorded on the Consolidated Balance Sheets, Duke Energy enters into other contracts that qualify for the normal purchases and sales exemption described in Paragraph 10

of SFAS No. 133 and DIG Issue No. C15. These contracts, generally forward agreements to sell power, bear the same counterparty credit risk as the hedge contracts described above. Under the same risk reduction guidelines used for other contracts, normal purchases and sales contracts are also subject to collateral requirements. Income recognition and realization related to these contracts coincide with the physical delivery of power.

Based on a sensitivity analysis as of December 31, 2001, it was estimated that a difference of one cent per gallon in the average price of NGLs in 2002 would have a corresponding effect on EBIT of approximately \$6 million, after considering the effect of Duke Energy's commodity hedge positions. Comparatively, the same sensitivity analysis as of December 31, 2000 estimated that EBIT would have changed by approximately \$8 million in 2001. Based on the sensitivity analyses associated with other commodities' price changes, net of Duke Energy's commodity hedge positions, the effect on EBIT was not material as of December 31, 2001 or 2000. Duke Energy's qualifying hedge positions protect it from immediate earnings impact for adverse price movements. The resulting gains and losses are deferred on the Consolidated Balance Sheets until cash settlement occurs, provided that the hedge positions remain effective.

These hypothetical adverse impacts do not consider the likely positive impact that price movements would have on Duke Energy's physical purchases and sales of natural gas and electricity which these contracts hedge. The hedge contracts are intended to mitigate the impact that price changes have on Duke Energy's physical positions. Therefore, although the fair value of these positions may decline with adverse price changes, the impact on results would be minimal as Duke Energy's physical positions are inversely affected by such changes.

49

<PAGE>

Credit Risk

Duke Energy's principal customers for power and natural gas marketing services are industrial end-users and utilities located throughout the U.S., Canada, Asia Pacific, Europe and Latin America. Duke Energy has concentrations of receivables from natural gas and electric utilities and their affiliates, as well as industrial customers throughout these regions. These concentrations of customers may affect Duke Energy's overall credit risk in that certain customers may be similarly affected by changes in economic, regulatory or other factors. Where exposed to credit risk, Duke Energy analyzes the counterparties' financial condition prior to entering into an agreement, establishes credit limits and monitors the appropriateness of those limits on an ongoing basis. Duke Energy frequently uses master collateral agreements to mitigate credit exposure. The collateral agreement provides for a counterparty to post cash or letters of credit for exposure in excess of the established threshold. The threshold amount represents an open credit limit, determined in accordance with the corporate credit policy. The collateral agreement also provides that the inability to post collateral is sufficient cause to terminate a contract and liquidate all positions.

The change in market value of NYMEX-traded futures and options contracts

requires daily cash settlement in margin accounts with brokers. Financial derivatives are generally cash settled periodically throughout the contract term. However, these transactions are also generally subject to margin requirements with many of Duke Energy's counterparties.

As of December 31, 2001, Duke Energy had a pre-tax bad debt provision of \$90 million related to receivables for energy sales in California. (See Current Issues--California Issues.) Following the bankruptcy of Enron Corporation, Duke Energy terminated substantially all contracts with Enron Corporation and its affiliated companies (collectively, Enron). As a result, Duke Energy recorded, as a charge, a non-collateralized accounting exposure of \$43 million. The \$43 million non-collateralized accounting exposure is comprised of charges of \$36 million at NAWE, \$3 million at International Energy, \$3 million at Field Services and \$1 million at Natural Gas Transmission. These amounts are stated on a pre-tax basis as charges against the reporting segment's earnings.

The transactions between Enron and Duke Energy consisted of the following:

- . NAWE--forward contracts, swaps, options and physical contracts used to trade natural gas, power, crude oil, liquefied petroleum gas and coal
- . International Energy--forward contracts and options used to trade and hedge natural gas, power and oil
- . Field Services--physical purchase/sale contracts for natural gas and NGLs; forward contracts, swaps and options used to trade natural gas and NGLs; transportation and storage
- . Natural Gas Transmission--forward financial sales of NGLs

The \$43 million charge was a direct reduction to earnings before income taxes and was a result of charging the full amount of unsettled mark-to-market earnings previously recognized, and all derivative assets and accounts receivable that became impaired due to Enron's financial deterioration. All assets written off or reserved for were net of the margin (cash collateral) posted by Enron of \$330 million and applied by Duke Energy in connection with transactions between the companies.

Duke Energy's determination of its bankruptcy claims against Enron is still under review, and its claims made in the bankruptcy case are likely to exceed \$43 million. Any bankruptcy claims that exceed this amount would primarily relate to termination and settlement rights under contracts and transactions with Enron that would have been recognized in future periods, and not in the historical periods covered by the financial statements to which the \$43 million charge relates.

<PAGE>

Substantially all contracts with Enron were completed or terminated prior to December 31, 2001. Duke Energy has continuing contractual relationships with certain Enron affiliates, which are not in bankruptcy. In Brazil, a power purchase agreement between a Duke Energy affiliate, Paranapanema, and Elektro

Eletricidade e Servicos S/A (Elektro), a distribution company 40% owned by Enron, will expire December 31, 2005. The contract was executed by Duke Energy's predecessor in interest in Paranapanema, and obligates Paranapanema to provide energy to Elektro on an irrevocable basis for the contract period. In addition, a purchase/sale agreement expiring September 1, 2005 between a Duke Energy affiliate and Citrus Trading Corporation (Citrus), a 50/50 joint venture between Enron and El Paso Corporation, continues to be in effect. The contract requires the Duke Energy affiliate to provide liquefied natural gas to Citrus. Citrus has provided a letter of credit in favor of Duke Energy to cover its exposure.

Interest Rate Risk

Duke Energy is exposed to risk resulting from changes in interest rates as a result of its issuance of variable-rate debt, fixed-to-floating interest rate swaps, commercial paper and auction market preferred stock. Duke Energy manages its interest rate exposure by limiting its variable-rate and fixed-rate exposures to certain percentages of total capitalization, as set by policy, and by monitoring the effects of market changes in interest rates. Duke Energy also enters into financial derivative instruments, including, but not limited to, interest rate swaps, options, swaptions and lock agreements to manage and mitigate interest rate risk exposure. (See Notes 1, 7, 10, 12 and 14 to the Consolidated Financial Statements.)

Based on a sensitivity analysis as of December 31, 2001, it was estimated that if market interest rates average 1% higher (lower) in 2002 than in 2001, earnings before income taxes would decrease (increase) by approximately \$57 million. Comparatively, based on a sensitivity analysis as of December 31, 2000, had interest rates averaged 1% higher (lower) in 2001 than in 2000, it was estimated that earnings before income taxes would have decreased (increased) by approximately \$53 million. These amounts include the effects of interest rate hedges and were determined by considering the impact of the hypothetical interest rates on the variable-rate securities outstanding as of December 31, 2001 and 2000. The increase in interest rate sensitivity is primarily due to the increase in outstanding variable-rate commercial paper. If interest rates changed significantly, management would likely take actions to manage its exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in Duke Energy's financial structure.

Equity Price Risk

Duke Energy maintains trust funds, as required by the Nuclear Regulatory Commission (NRC), to fund certain costs of nuclear decommissioning. (See Note 11 to the Consolidated Financial Statements.) As of December 31, 2001 and 2000, these funds were invested primarily in domestic and international equity securities, fixed-rate, fixed-income securities and cash and cash equivalents. Duke Energy has an agreement with the NRC that these funds will only be used for activities relating to nuclear decommissioning. Because the accounting for nuclear decommissioning recognizes that costs are recovered through Franchised Electric's rates, fluctuations in equity prices or interest rates do not affect consolidated results of operations, cash flows or financial position. (See Current Issues--Nuclear Decommissioning Costs.)

Foreign Currency Risk

Duke Energy is exposed to foreign currency risk from investments in international affiliates and businesses owned and operated in foreign countries. To mitigate risks associated with foreign currency fluctuations, when possible, transactions are denominated in or indexed to the U.S. dollar and/or local inflation rates, or investments may be hedged through debt denominated or issued in the foreign currency. Duke Energy also uses foreign currency derivatives, where possible, to manage its risk related to foreign currency fluctuations. To monitor its

51

<PAGE>

currency exchange rate risks, Duke Energy uses sensitivity analysis, which measures the impact of devaluation of the foreign currencies to which it has exposure.

As of December 31, 2001, Duke Energy's primary foreign currency rate exposures were the Brazilian real, the Peruvian nuevo sol, the Australian dollar, the El Salvadoran colon, the Argentine peso, the European euro and the Canadian dollar. Based on a sensitivity analysis as of December 31, 2001, a 10% devaluation in the currency exchange rate in any or all of these foreign currencies would be insignificant to Duke Energy's Consolidated Statements of Income. Significant devaluations may impact Duke Energy's Consolidated Balance Sheets by decreasing the value of Duke Energy's net investments through a reduction in the cumulative translation adjustment in OCI.

Since 1991, the Argentine peso has been pegged to the U.S. dollar at a fixed 1:1 exchange ratio. In December 2001, the Argentine government imposed a restriction that limited cash withdrawals above a certain amount and foreign money transfers. Financial institutions were allowed to conduct limited activity as a bank and exchange holiday was announced, and currency exchange activity was essentially halted. In January 2002, the Argentine government announced the creation of a dual-currency system. Subsequently, however, the Argentine government has decided to use a free-floating currency.

Duke Energy's investment in Argentina was U.S. dollar functional as of December 31, 2001. Once a functional currency determination has been made, that determination must be adhered to consistently, unless significant changes in economic factors indicate that the entity's functional currency has changed. The recent events in Argentina require a change. In January 2002, the functional currency of Duke Energy's investment in Argentina changed from the U.S. dollar to the Argentine peso. In compliance with SFAS No. 52, "Foreign Currency Translation," the change in functional currency will be made prospectively. Management believes that the events in Argentina will have no material adverse effect on Duke Energy's future consolidated results of operations, cash flows or financial position.

CURRENT ISSUES

Electric Competition. Wholesale Competition. The Energy Policy Act of 1992 and the FERC's subsequent rulemaking activities opened the wholesale energy

market to competition. Open-access transmission for wholesale customers, as defined by the FERC's rules, provides energy suppliers, including Duke Energy, with opportunities to sell and deliver capacity and energy at market-based rates. From the FERC's open-access rule, Franchised Electric obtained the rights to sell capacity and energy at market-based rates from its own assets, which allows Franchised Electric to purchase, at attractive rates, a portion of its capacity and energy requirements resulting in lower overall costs to customers. Open access also provides Franchised Electric's existing wholesale customers with competitive opportunities to seek other suppliers for their capacity and energy requirements.

In 1999 and 2000, the FERC issued its Order 2000 and Order 2000-A regarding Regional Transmission Organizations (RTOs). These orders set minimum characteristics and functions RTOs must meet, including independent authority to establish the terms and conditions of transmission service over the facilities they control. The orders provide for an open and flexible RTO structure to meet the needs of the market, and for the possibility of incentive ratemaking and other benefits for transmission owners that participate.

As a result of these rulemakings, Duke Energy and two other investor-owned utilities, Carolina Power & Light Company and South Carolina Electric & Gas Company, planned to establish GridSouth Transco, LLC (GridSouth), as an RTO responsible for the control of the companies' combined transmission systems. In March 2001, GridSouth received provisional approval from the FERC. However, in July 2001, the FERC issued orders recommending that utilities throughout the U.S. combine their transmission systems to create four large independent regional operators, one each in the Northeast, Southeast, Midwest and West. The FERC ordered

52

<PAGE>

GridSouth and other utilities in the Southeast to join in 45 days of mediation to negotiate terms of a Southeast RTO. The FERC has not issued an order specifically based on those proceedings.

Duke Energy, Carolina Power & Light Company and South Carolina Electric & Gas Company remain committed to the GridSouth RTO, but due to regulatory uncertainties in the RTO arena, the companies have withdrawn their applications to the PSCSC and NCUC to transfer functional control of their electric transmission assets to GridSouth. The companies intend to file new applications before the state commissions in the near future, including a revised GridSouth structure designed to meet the needs of customers and regulators. Also, in January of 2002, GridSouth signed a memorandum of understanding with the representatives of SeTrans Grid Company (SeTrans), a group of investor-owned utilities and public power entities in several southeastern states seeking to form an RTO, to cooperate in discussing potential operational relationships between GridSouth and SeTrans and the structure of wholesale electric markets in the southeast U.S.

The actual structure of GridSouth or an alternative combined transmission structure and the date it will become operational depend upon the resolution of all regulatory approvals and technical issues. Management believes that the

result of this process, and the establishment and operation of GridSouth or an alternative combined transmission system structure, will have no material adverse effect on Duke Energy's future consolidated results of operations, cash flows or financial position.

Retail Competition. Currently, Franchised Electric operates as a vertically integrated, investor-owned utility with exclusive rights to supply electricity in a franchised service territory--a 22,000-square-mile service territory in the Carolinas. In its retail business, the NCUC and the PSCSC regulate Franchised Electric's service and rates.

Electric industry restructuring is being addressed throughout the U.S. and will likely impact all entities owning electric generating assets. The NCUC and the PSCSC are studying the merits of restructuring the electric utility industry in the Carolinas. In 1997, North Carolina passed a bill that established a study commission, including legislators, customers, utilities and a member of an environmental group, to examine whether competition should be implemented in the state. In 2000, the study commission unanimously approved a set of recommendations on electric restructuring and submitted a report containing these recommendations to the General Assembly. The report recommended retail deregulation beginning partially in 2005 and fully in 2006. However, events in California's power market have led the study commission to evaluate whether, and to what extent, proposed legislation should be introduced. In general, the commission has expressed interest in ensuring that a viable wholesale electric market is in place prior to opening the state's retail electric market.

Currently, the electric utility industry is predominantly regulated on a cost-based system designed to recover the cost of providing electric power to customers. If cost-based regulation were to be discontinued in the industry for any reason, including competitive pressure on the cost-based prices of electricity, profits could be reduced and electric utilities might be required to reduce their asset balances to reflect a market basis less than cost. Discontinuance of cost-based regulation would also require affected utilities to write off their associated regulatory assets. Duke Energy's regulatory assets are included in the Consolidated Balance Sheets. The portion of these regulatory assets related to Franchised Electric is approximately \$1.0 billion, including primarily purchased capacity costs, deferred debt expense and deferred taxes related to regulatory assets. Duke Energy is recovering substantially all of these regulatory assets through its current wholesale and retail electric rates and may attempt to continue to recover these assets during a transition to competition. In addition, Duke Energy would seek to recover the costs of its electric generating facilities in excess of the market price of power at the time of transition.

Duke Energy supports a properly managed and orderly transition to competitive generation and retail services in the electric industry. However, transforming the current regulated industry into efficient, competitive generation and retail electric markets is a complex undertaking, which will require a carefully considered transition to a restructured electric industry. The key to effective retail competition is fairness among customers,

<PAGE>

vice providers and investors. Duke Energy intends to continue to work with customers, legislators and regulators to address all the important issues.

Management currently cannot predict the impact, if any, of these competitive forces on future consolidated results of operations, cash flows or financial position.

Natural Gas Competition. Wholesale Competition. In 2000, the FERC issued Order 637, which sets forth revisions to its regulations governing short-term natural gas transportation services and policies governing the regulation of interstate natural gas pipelines. "Short-term" has been defined as all transactions of less than one year. Among the significant actions taken are the lifting of the price cap for short-term capacity release by pipeline customers for an experimental 2 1/2-year period ending September 1, 2002, and requiring interstate pipelines to file pro forma tariff sheets to (i) provide for nomination equality between capacity release and primary pipeline capacity; (ii) implement imbalance management services (for which interstate pipelines may charge fees) while at the same time reducing the use of operational flow orders and penalties; and (iii) provide segmentation rights if operationally feasible. Order 637 also narrows the right of first refusal to remove economic biases perceived in the current rule. Order 637 imposes significant new reporting requirements for interstate pipelines that were implemented by Duke Energy during 2000. Additionally, Order 637 permits pipelines to propose peak/off-peak rates and term-differentiated rates, and encourages pipelines to propose experimental capacity auctions. By Order 637-A, issued in 2000, the FERC generally denied requests for rehearing and several parties, including Duke Energy, have filed appeals in the District of Columbia Court of Appeals seeking court review of various aspects of the Order. During the third quarter of 2001, Duke Energy's interstate pipelines submitted revised pro forma tariff sheets to update the filings originally submitted in 2000. These filings are currently subject to review and approval by the FERC.

Management believes that the effects of these matters will have no material adverse effect on Duke Energy's future consolidated results of operations, cash flows or financial position.

Retail Competition. Changes in regulation to allow retail competition could affect Duke Energy's natural gas transportation contracts with local natural gas distribution companies. While natural gas retail deregulation is in the very early stages of development, management believes the effects of this matter will have no material adverse effect on Duke Energy's future consolidated results of operations, cash flows or financial position.

Nuclear Decommissioning Costs. Estimated site-specific nuclear decommissioning costs, including the cost of decommissioning plant components not subject to radioactive contamination, total approximately \$1.9 billion stated in 1999 dollars based on decommissioning studies completed in 1999 (studies are completed every five years). Duke Energy contributes to an external decommissioning trust fund and maintains an internal reserve to fund these costs.

The balance of the external funds was \$716 million as of December 31, 2001 and \$717 million as of December 31, 2000, and is reflected in the Consolidated

Balance Sheets as Nuclear Decommissioning Trust Funds (asset) and Nuclear Decommissioning Costs Externally Funded (liability). The balance of the external reserve was \$239 million as of December 31, 2001 and \$231 million as of December 31, 2000, and is reflected in the Consolidated Balance Sheets as Accumulated Depreciation and Amortization.

Both the NCUC and the PSCSC have granted Duke Energy recovery of estimated decommissioning costs through retail rates over the expected remaining service periods of its nuclear plants. Management believes that the decommissioning costs being recovered through rates, when coupled with expected fund earnings, are sufficient to provide for the cost of decommissioning. Additionally, management believes that funding of the decommissioning costs will not have a material adverse effect on consolidated results of operations, cash flows or financial position. (See Note 11 to the Consolidated Financial Statements.)

The external decommissioning trust fund is invested primarily in domestic and international equity securities, fixed-rate, fixed-income securities and cash and cash equivalents. Duke Energy has an agreement with the NRC that these funds will only be used for activities relating to nuclear decommissioning. These investments

54

<PAGE>

are exposed to price fluctuations in equity markets and changes in interest rates. Because the accounting for nuclear decommissioning recognizes that costs recovered through Franchised Electric's rates, fluctuations in equity prices or interest rates do not affect consolidated results of operations, cash flows or financial position.

Nuclear Relicensing. In 2000, the NRC renewed the operating license for Duke Energy's three Oconee nuclear units through 2033 to 2034. Applications to renew the operating licenses for Duke Energy's Catawba and McGuire nuclear units were filed with the NRC in June 2001. These operating licenses currently expire between 2021 and 2026.

Environmental. Duke Energy is subject to international, federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters.

Manufactured Gas Plants and Superfund Sites. Duke Energy operated manufactured gas plants until the early 1950s and has entered into a cooperative effort with the State of North Carolina and other owners of former manufactured gas plant sites to investigate and, where necessary, remediate those contaminated sites. Regulators consider Duke Energy to be a potentially responsible party, possibly subject to future liability at six federal and two state Superfund sites. While remediation costs may be substantial, Duke Energy will share in any liability associated with contamination at these sites with other potentially responsible parties. Management believes that resolution of these matters will have no material adverse effect on consolidated results of operations, cash flows or financial position.

PCB (Polychlorinated Biphenyl) Assessment and Cleanup Programs. In 2001,

Texas Eastern Transmission, LP, a wholly owned subsidiary of Duke Energy, completed the remaining requirements of a 1989 U.S. Consent Decree regarding cleanup of PCB-contaminated sites. The Environmental Protection Agency (A) certified the completion of all work under the Consent Decree in January 2. Monitoring of groundwater and remediation at certain sites may continue as required by various state authorities.

In March 1999, Duke Energy sold PEPL and Trunkline to CMS. (See Note 1 to the Consolidated Financial Statements for more information on the sale of the pipelines.) Under the terms of the sales agreement with CMS, Duke Energy is obligated to complete cleanup of previously identified contamination resulting from the past use of PCB-containing lubricants and other discontinued practices at certain sites on the PEPL and Trunkline systems.

Based on Duke Energy's experience to date and costs incurred for cleanup, management believes the resolution of matters relating to the environmental issues discussed above will have no material adverse effect on consolidated results of operations, cash flows or financial position.

Air Quality Control. In 1998, the EPA issued a final rule on regional ozone control that required 22 eastern states and the District of Columbia to revise their State Implementation Plans (SIPs) to significantly reduce emissions of nitrogen oxide by May 1, 2003. The EPA rule was challenged in court by various states, industry and other interests, including Duke Energy and the states of North Carolina and South Carolina. In 2000, the court upheld most aspects of the EPA rule. The same court subsequently extended the compliance deadline for implementation of emission reductions to May 31, 2004.

In 2000, the EPA finalized another ozone-related rule under Section 126 of the Clean Air Act (CAA). Section 126 of the CAA has virtually identical emission control requirements as the 1998 action, and specified a May 1, 2003 compliance date. While the emission reduction requirements of the rule have been upheld in court, the implementation date for the rule has been revised to May 2004 as a result of a legal challenge and the resulting court order. Management estimates that Duke Energy will spend from \$500 million to \$900 million in capital costs for additional emission controls through 2007 to comply with the new EPA rules.

55

<PAGE>

Both North Carolina and South Carolina have revised their SIPs in response to the EPA's 1998 rule, and are awaiting EPA approval. Legislation was introduced in the North Carolina General Assembly in 2001 and passed by the state Senate that would require North Carolina electric utilities, including Duke Energy, to make significant reductions in emissions of sulfur dioxide and nitrogen oxides from coal-fired power plants over the next seven to 11 years. Management estimates Duke Energy's cost of achieving the proposed emission reductions to be approximately \$1.5 billion. A provision in the proposed North Carolina legislation allows Duke Energy to recover those costs from customers through an environmental compliance expenditure-recovery factor that is separate from the electric utility's base rates. If passed into law, the final provisions could be significantly different from the proposal.

Emission control retrofits needed to comply with the new rules are large technical, design and construction projects. These projects will be managed solely to ensure the continuation of reliable electric service to Duke Energy's customers throughout the projects and upon their completion.

In 2000, the U.S. Justice Department, acting on behalf of the EPA, filed a complaint against Duke Energy in the U.S. District Court in Greensboro, North Carolina, for alleged violations of the New Source Review (NSR) provisions of the CAA. The EPA claims that 29 projects performed at 25 of Duke Energy's coal-fired units were major modifications, as defined in the CAA, and that Duke Energy violated the CAA's NSR requirements when it undertook those projects without obtaining permits and installing emission controls for sulfur dioxide, nitrogen oxide and particulate matter. The complaint asks the court to order Duke Energy to stop operating the coal-fired units identified in the complaint, install additional emission controls and pay unspecified civil penalties. This complaint is part of the EPA's NSR enforcement initiative, in which the EPA claims that utilities and others have committed widespread violations of the CAA permitting requirements for the past 25 years. The EPA has sued or issued notices of violation of investigative information requests to at least 48 other electric utilities and cooperatives.

The EPA's allegations run counter to previous EPA guidance regarding the applicability of the NSR permitting requirements. Duke Energy, along with other utilities, has routinely undertaken the type of repair, replacement and maintenance projects that the EPA now claims are illegal. Duke Energy believes that all of its electric generation units are properly permitted and have been properly maintained, and is defending itself vigorously against these alleged violations. The U.S. Vice President's National Energy Policy Development Group has ordered the EPA to review its NSR rules and has ordered the Department of Justice to review the appropriateness of the enforcement cases. The EPA review was scheduled to be completed by August 2001, but has not yet been concluded. In January 2002, the Department of Justice released a report concluding that it was not improper for the Department of Justice to initiate the enforcement cases brought on behalf of the EPA. It specifically declined to address whether the EPA's enforcement actions are wise as a matter of national energy policy. Because these matters are in a preliminary stage, management cannot estimate the effects of these matters on Duke Energy's future consolidated results of operations, cash flows or financial position. The CAA authorizes civil penalties of up to \$27,500 per day per violation at each generating unit. Civil penalties, if ultimately imposed by the court, and the cost of any required new pollution control equipment, if the court accepts the EPA's contentions, could be substantial.

Global Climate Change. In 1997, the United Nations held negotiations in Kyoto, Japan, to determine how to minimize global warming. The resulting Kyoto Protocol prescribed, among other greenhouse gas emission reduction tactics, carbon dioxide emission reductions from fossil-fueled electric generating facilities in the U.S. and other developed nations, as well as methane emission reductions from natural gas operations. The high-level operational framework for implementing the Kyoto Protocol was agreed to in November 2001. If the Kyoto Protocol were to be implemented in developed countries where Duke Energy operates, it could have far-reaching implications for Duke Energy and the entire energy industry. However, the outcome and timing of these implications

are highly uncertain, and Duke Energy cannot estimate the effects on future consolidated results of operations, cash flows or financial position. Duke Energy remains engaged in discussions with those developing public policy initiatives and continuously assesses the commercial implications for its markets around the world.

56

<PAGE>

Notice of Proposed Rulemaking (NOPR). On September 27, 2001, the FERC issued a NOPR announcing that it is considering new regulations regarding standards of conduct that would apply uniformly to natural gas pipelines and electric transmitting public utilities that are currently subject to different gas or electric standards. The proposed standards would change how companies and their affiliates interact and share information by broadening the definition of "affiliate" covered by the standards of conduct, from the more narrow definition in the existing regulations. The NOPR also seeks comment on whether the standards of conduct should be broadened to include the separation of those involved in the bundled retail electric sales function from those in the transmission function, as the current standards apply only to those involved in wholesale activities. Various entities filed comments on the NOPR with the FERC, including Duke Energy which filed on December 20, 2001. The FERC has indicated that they appreciate the complexity of the issues and that they would prefer having a technical conference before entering directly into a final rulemaking. No notice of a technical conference has been given at this time.

Regulatory Matters. In 2001, the NCUC and PSCSC began a joint investigation, along with the Public Staff of the NCUC, regarding certain Duke Power regulatory accounting entries for 1998. In its internal review of the 14 entries in question, Duke Energy concluded that nine items were correctly classified for regulatory accounting. Four items were incorrectly classified for regulatory purposes for 1998 only, and did not recur. The classification of the remaining item, distributions from a mutual insurance company, is subject to differing regulatory interpretations. Duke Energy believes this item was appropriately classified, but is evaluating its classification for future years. As part of their investigation, the NCUC and PSCSC have jointly engaged an independent firm to conduct an audit of Duke Power's accounting records for reporting periods from 1998 through June 30, 2001. Duke Energy continues to fully cooperate with the commissions in their investigation. As requested by the NCUC, Duke Energy has recorded the 2001 mutual insurance distribution, approximately \$33 million, in a deferred credit account on the Consolidated Balance Sheets, pending final outcome of the independent audit.

California Issues. Duke Energy, some of its subsidiaries and three current or former executives have been named as defendants, among other corporate and individual defendants, in one or more of a total of six lawsuits brought by or on behalf of electricity consumers in the State of California. The plaintiffs seek damages as a result of the defendants' alleged unlawful manipulation of the California wholesale electricity markets. DENA and DETM are among 16 defendants in a class-action lawsuit (the Gordon lawsuit) filed against generators and traders of electricity in California markets. DETM was also named as one of numerous defendants in four additional lawsuits, including two class actions (the Hendricks and Pier 23 Restaurant lawsuits), filed against

generators, marketers, traders and other unnamed providers of electricity in California markets. A sixth lawsuit (the Bustamante lawsuit) was brought by the Lieutenant Governor of the State of California and a State Assemblywoman, on their own behalf as citizens and on behalf of the general public, and includes Duke Energy, some of its subsidiaries and three current or former executives of Duke Energy among other corporate and individual defendants. The Gordon and Hendricks class-action lawsuits were filed in the Superior Court of the State of California, San Diego County, in November 2000. Three other lawsuits were filed in January 2001, one in Superior Court, San Diego County, and the other two in Superior Court, County of San Francisco. The Bustamante lawsuit was filed in May 2001 in Superior Court, Los Angeles County. These lawsuits generally allege that the defendants manipulated the wholesale electricity markets in violation of state laws against unfair and unlawful business practices and state antitrust laws. The plaintiffs seek aggregate damages of billions of dollars. The lawsuits seek the refund of alleged unlawfully obtained revenues for electricity sales and, in four lawsuits, an award of treble damages. These suits have been consolidated before a state court judge in San Diego. While these matters are in their earliest stages, management believes, based on its analysis of the facts and the asserted claims, that their resolution will have no material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position.

In addition to the lawsuits, several investigations and regulatory proceedings at the state and federal levels are looking into the causes of high wholesale electricity prices in the western U.S. At the federal level, numerous proceedings are before the FERC. Some parties to those proceedings have made claims for billions of dollars of

57

<PAGE>

refunds from sellers of wholesale electricity, including DETM. Some parties have also sought to revoke the authority of DETM and other DENA-affiliated electricity marketers to sell electricity at market-based rates. The FERC is also conducting its own wholesale pricing investigation. As a result, the FERC has ordered some sellers, including DETM, to refund, or to offset against outstanding accounts receivable, amounts billed for electricity sales in excess of a FERC-established proxy price. The proxy price represents what the FERC believes would have been the market-clearing price in a perfectly competitive market. In June 2001, DETM offset approximately \$20 million against amounts owed by the California Independent System Operator and the California Power Exchange for electricity sales during January and February 2001. This offset reduced the \$110 million reserve established in 2000 to \$90 million. Proceedings are ongoing to determine, among other issues, the amount of any refunds or offsets for periods prior to January 2001, and the method to be used to determine the proxy price in future months.

At the state level, the California Public Utilities Commission is conducting formal and informal investigations to determine if power plant operators in California, including some Duke Energy entities, have improperly "withheld," whether economically or physically, generation output from the market to manipulate market prices. In addition, the California State Senate formed a Select Committee to Investigate Price Manipulation of the Wholesale Energy

Market (Select Committee). The Select Committee has served a subpoena on Duke Energy and some of its subsidiaries seeking data concerning their California market activities. The Select Committee has heard testimony from several witnesses but no one from Duke Energy has yet been subpoenaed to testify.

The California Attorney General is also conducting an investigation to determine if any market participants engaged in illegal activity, including antitrust violation, in the course of their electricity sales into wholesale markets in the western U.S. The Attorneys General of Washington and Oregon are participating in the California Attorney General's investigation. The San Diego District Attorney is conducting a separate investigation into market activities and has issued subpoenas to DETM and a DENA subsidiary.

The California Attorney General has also convened a grand jury to determine whether criminal charges should be brought against any market participants. To date, no Duke Energy employee has been called to testify before the grand jury nor have any criminal charges been filed against Duke Energy or any of its officers, directors or employees in connection with the wholesale electricity markets in the states of the western U.S.

Throughout 2001, Duke Energy conducted its business in California to supply the maximum possible electricity to meet the needs of the state, limit its exposure to non-creditworthy counterparties and manage the output limitations on its power plants imposed by applicable permits and laws. Since December 31, 2000, Duke Energy has closely managed the balance of doubtful receivables, and believes that the current pre-tax bad debt provision of \$90 million is appropriate. No additional provisions for California receivables were recorded in 2001. Management believes, based on its analysis of the facts and the asserted claims, that the resolution of these matters will have no material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position.

Litigation and Contingencies. Exxon Mobil Corporation Arbitration. In 2000, three Duke Energy subsidiaries initiated binding arbitration against three Exxon Mobil Corporation subsidiaries (the Exxon Mobil entities) concerning the parties' joint ownership of DETM and related affiliates (the Ventures). At issue is a buy-out right provision under the joint venture agreements for these entities. If there is a material business dispute between the parties, which Duke Energy alleges has occurred, the buy-out provision gives Duke Energy the right to purchase Exxon Mobil's 40% interest in DETM. Exxon Mobil does not have a similar right under the joint venture agreements and once Duke Energy exercises the buy-out right, each party has the right to "unwind" the buy-out under certain specific circumstances. In December 2000, Duke Energy exercised its right to buy the Exxon Mobil entities' interest in the Ventures. Duke Energy claims that refusal by the Exxon Mobil entities to

<PAGE>

honor the exercise is a breach of the buy-out right provision, and seeks specific performance of the provision. Duke Energy has also made additional claims against the Exxon Mobil entities for breach of the agreements governing the Ventures.

In January 2001, the Exxon Mobil entities made counterclaims in the arbitration and, in a separate Texas state court action, alleged that Duke Energy breached its obligations to the Ventures and to the Exxon Mobil entities. In April 2001, the state court stayed its action, compelling the Exxon Mobil entities to arbitrate their claims. The Exxon Mobil entities proceeded with the arbitration of their claims and have not challenged this order in an appellate court. In early October 2001, the arbitration panel convened an evidentiary hearing regarding the buy-out right provision and Duke Energy's and Exxon Mobil's claims against each other. The panel has not yet ruled but Duke Energy expects a final decision from the panel in early 2002. Management believes that the final disposition of this action will have no material adverse effect on Duke Energy's consolidated results of operations or financial position.

Duke Energy and its subsidiaries are involved in other legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding performance, contracts and other matters arising in the ordinary course of business, some of which involve substantial amounts. Management believes that the final disposition of these proceedings will have no material adverse effect on consolidated results of operations, cash flows or financial position. (See Note 15 to the Consolidated Financial Statements for information concerning litigation and other commitments and contingencies.)

New Accounting Standards. In June 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets."

SFAS No. 141 requires that all business combinations initiated (as defined by the standard) after June 30, 2001 be accounted for using the purchase method. Companies may no longer use the pooling method of accounting for future combinations.

SFAS No. 142 is effective for fiscal years beginning after December 15, 2001, and was adopted by Duke Energy as of January 1, 2002. SFAS No. 142 requires that goodwill no longer be amortized over an estimated useful life, as previously required. Instead, goodwill amounts will be subject to a fair-value-based annual impairment assessment. The standard also requires certain identifiable intangible assets to be recognized separately and amortized as appropriate. No such intangibles have been identified at Duke Energy. Duke Energy expects the adoption of SFAS No. 142 to have an impact on future financial statements, due to the discontinuation of goodwill amortization expense. For 2001, pre-tax goodwill amortization expense was \$101 million. The FASB and the EITF continue to respond to questions to clarify key aspects of SFAS No. 142. Duke Energy has determined the effect of implementing SFAS No. 142 and does not expect to record any impairment in 2002.

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 provides the accounting requirements for retirement obligations associated with tangible long-lived assets. It is effective for fiscal years beginning after June 15, 2002, and early adoption is permitted. Duke Energy is currently assessing the new standard and has not yet determined the impact on its consolidated results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment Disposal of Long-Lived Assets." The new rules supersede SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The new rules retain many of the fundamental recognition and measurement provisions, but significantly change the criteria for classifying an asset as held-for-sale. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Duke Energy has evaluated the new standard, and management believes that it will have no material adverse effect on Duke Energy's consolidated results of operations or financial position.

59

<PAGE>

Energy Industry and Accounting Practices. The energy industry landscape changed during 2001. The bankruptcy of Enron (See Quantitative and Qualitative Disclosures About Market Risk--Credit Risk), the tragic events of September 11, 2001 and the global economic downturn will likely have continued impacts on the industry.

Near-term economic growth is likely to be lower and more cyclical than in the recent past. As a result, industrial or commercial customers and trading counterparties could reduce their business volume with Duke Energy. However, overall demand for power is still on the rise. Current estimates place demand growth for power between 1% and 2% annually over the next decade. Duke Energy will continue to seek opportunities to reduce the risks associated with economic impacts on its customers, and help markets achieve desired supply/demand equilibrium and infrastructure reliability.

The situation surrounding Enron's bankruptcy has forced regulators and legislators to take a renewed look at accounting practices, financial disclosures, companies' relationships with their independent auditors and retirement plan practices. Duke Energy cannot predict the ultimate impact of any future changes in laws or regulations. However, Duke Energy is committed to complying with all laws and regulations and will continue to play an active role in helping to shape future laws and regulations as they evolve.

Subsequent Events. On January 31, 2002, Duke Energy announced the planned sale of its DE&S business unit to Framatome ANP, Inc. (a nuclear supplier) for approximately \$84 million. Two components of DE&S are not part of the sale. Duke Energy will establish Duke Energy--Energy Delivery Services, formed by the power delivery services component of DE&S, which will continue to supply power delivery solutions to customers. Leadership of the U.S. Department of Energy Mixed Oxide Fuel project will also remain with Duke Energy. The transaction will require a Hart Scott Rodino filing and is expected to close in the second quarter of 2002.

On March 13, 2002, Duke Energy announced the planned sale of DukeSolutions to Ameresco, Inc. Duke Energy expects to close the transaction during the second quarter of 2002, and record a loss of approximately \$20 million.

In March 14, 2002, Duke Energy acquired Westcoast for approximately \$8 million, including the assumption of debt. Westcoast, headquartered in

Vancouver, British Columbia, is a North American energy company with interests in natural gas gathering, processing, transmission, storage and distribution, as well as power generation and international energy businesses. In the transaction, a Duke Energy subsidiary acquired all of the outstanding common shares of Westcoast in exchange for approximately 49.9 million shares of Duke Energy common stock (including exchangeable shares of a Duke Energy Canadian subsidiary that are substantially equivalent to and exchangeable on a one-for-one basis for Duke Energy common stock), and approximately \$1.8 billion in cash. Under proration provisions that ensure that approximately 50% of the total consideration is paid in cash and 50% in stock, each common share of Westcoast entitled the holder to elect to receive \$43.80 in cash (Canadian), .7711 of a share of Duke Energy common stock or of an exchangeable share of a Duke Energy Canadian subsidiary, or a combination thereof. The cash portion of the consideration was funded with the proceeds from the issuance of \$750 million in Equity Units in November 2001 (See Financing Cash Flows) along with incremental commercial paper. Duke Energy plans to retire the commercial paper later in 2002 and replace it with permanent capital in the form of mandatory convertible equity. The timing for the mandatory convertible equity will be dependent on the opportunities presented and favorable market conditions. The Westcoast acquisition was accounted for using the purchase method of accounting.

Forward-Looking Statements. Duke Energy's reports, filings and other public announcements may include statements that reflect assumptions, projections, expectations, intentions or beliefs about future events. These statements are intended as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Generally, the words "may," "could," "project," "believe," "anticipate," "expect," "estimate," "plan," "forecast," "intend" and similar words identify forward-looking statements, which generally are not historical in nature. All such statements (other than statements of historical facts), including statements regarding

60

<PAGE>

operating performance, financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations and events or developments that we expect or anticipate will occur in the future, are forward looking. Forward-looking statements are subject to certain risks and uncertainties that could, and often do, cause actual results to differ from Duke Energy's historical experience and our present expectations or projections. Accordingly, there can be no assurance that actual results will not differ materially from those expressed or implied by the forward-looking statements. Caution should be taken not to place undue reliance on any such forward-looking statements.

Factors that could cause actual results to differ materially from the expectations expressed or implied in such forward-looking statements include, but are not limited to: state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures and affect the speed and degree at which competition enters the electric and natural gas industries; industrial, commercial and residential growth in the service territories of Duke Energy and its subsidiaries; the weather and other natural phenomena; the timing and extent of changes in

commodity prices, interest rates and foreign currency exchange rates; changes in environmental and other laws and regulations to which Duke Energy and its subsidiaries are subject or other external factors over which Duke Energy has control; the results of financing efforts, including Duke Energy's ability to obtain financing on favorable terms, which can be affected by Duke Energy's credit rating and general economic conditions; level of creditworthiness of counterparties to transactions; growth opportunities for Duke Energy's business units; and the effect of accounting policies issued periodically by accounting standard-setting bodies.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

See "Management's Discussion and Analysis of Results of Operations and Financial Condition, Quantitative and Qualitative Disclosures About Market Risk."

61

<PAGE>

Item 8. Financial Statements and Supplementary Data.

DUKE ENERGY CORPORATION

Consolidated Statements Of Income

<TABLE>
<CAPTION>

Years Ended December 31,

2001 2000 1999

In millions, except
per-share amounts

<S>

<C> <C> <C>

Operating Revenues

Sales, trading and marketing of natural gas and petroleum products (Notes 1 and 7)....	\$33,364	\$28,284	\$10,922
Trading and marketing of electricity (Notes 1 and 7).....	18,010	13,086	3,745
Generation, transmission and distribution of electricity (Notes 1 and 4).....	5,410	5,315	4,799
Transportation and storage of natural gas (Notes 1 and 4).....	996	1,045	1,139
Gain on sale of equity investment (Note 2).....	--	407	--
Other (Note 8).....	1,723	1,181	1,161

Total operating revenues.....	59,503	49,318	21,766

Operating Expenses

Natural gas and petroleum products purchased (Note 1).....	32,021	27,670	10,636
Net interchange and purchased power (Notes 1, 4 and 5).....	16,515	12,000	3,507
Fuel used in electric generation (Notes 1 and 11).....	965	781	764
Other operation and maintenance (Notes 4 and 11).....	4,135	3,469	3,701
Depreciation and amortization (Notes 1 and 5).....	1,336	1,167	968
Property and other taxes.....	431	418	371

Total operating expenses.....	55,403	45,505	19,947

Operating Income.....	4,100	3,813	1,819
Other Income and Expenses.....	156	201	224
Interest Expense (Notes 7 and 10).....	785	911	601
Minority Interest Expense (Notes 2, 12 and 13).....	327	307	142
Earnings Before Income Taxes.....	3,144	2,796	1,300
Income Taxes (Notes 1 and 6).....	1,150	1,020	453
Income Before Extraordinary Item and Cumulative Effect of Change in Accounting Principle	1,994	1,776	847
Extraordinary Gain, net of tax (Note 1).....	--	--	660
Cumulative Effect of Change in Accounting Principle, net of tax (Note 1).....	(96)	--	--
Net Income.....	1,898	1,776	1,507
Preferred and Preference Stock Dividends (Note 14).....	14	19	20
Earnings Available For Common Stockholders.....	\$ 1,884	\$ 1,757	\$ 1,487
Common Stock Data (Note 1)			
Weighted-average shares outstanding.....	767	736	729
Earnings per share (before extraordinary item and cumulative effect of change in accounting principle)			
Basic.....	\$ 2.58	\$ 2.39	\$ 1.13
Diluted.....	\$ 2.56	\$ 2.38	\$ 1.13
Earnings per share			
Basic.....	\$ 2.45	\$ 2.39	\$ 2.04
Diluted.....	\$ 2.44	\$ 2.38	\$ 2.03
Dividends per share.....	\$ 1.10	\$ 1.10	\$ 1.10

See Notes to Consolidated Financial Statements.

62

<PAGE>

DUKE ENERGY CORPORATION

Consolidated Statements Of Cash Flows

<TABLE>

<CAPTION>

	Years Ended December 31,		
	2001	2000	1999
	In millions		
	<C>	<C>	<C>
Cash Flows From Operating Activities			
Net income.....	\$ 1,898	\$ 1,776	\$ 1,507
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	1,450	1,348	1,151
Cumulative effect of change in accounting principle.....	96	--	--
Extraordinary gain, net of tax.....	--	--	(660)

Gain on sale of equity investment.....	--	(407)	--	
Provision on NAWA's California receivables.....	--	--	110	--
Impairment charges.....	36	--	--	
Injuries and damages accrual.....	--	--	800	
Deferred income taxes.....	129	152	(210)	
Purchased capacity levelization.....	156	138	104	
Transition cost recoveries, net.....	--	82	95	
(Increase) decrease in				
Net unrealized mark-to-market and hedging transactions.....	91	(464)	(24)	
Receivables.....	3,166	(5,167)	(659)	
Inventory.....	(192)	(100)	(89)	
Other current assets.....	694	(796)	(138)	
Increase (decrease) in				
Accounts payable.....	(3,545)	4,867	477	
Taxes accrued.....	183	(439)	(57)	
Interest accrued.....	28	64	32	
Other current liabilities.....	297	1,116	73	
Other, assets.....	351	175	221	
Other, liabilities.....	(243)	(230)	61	
Net cash provided by operating activities.....	4,595	2,225	2,684	
Cash Flows From Investing Activities				
Capital expenditures, net of cash acquired.....	(5,930)	(4,568)	(5,291)	
Investment expenditures.....	(1,093)	(966)	(596)	
Proceeds from sale of subsidiaries and equity investment.....	--	400	1,900	
Notes Receivable.....	201	(158)	83	
Other.....	541	362	153	
Net cash used in investing activities.....	(6,281)	(4,930)	(3,751)	
Cash Flows From Financing Activities				
Proceeds from the issuance of				
Long-term debt.....	2,673	3,206	3,221	
Guaranteed preferred beneficial interests in subordinated notes of Duke Energy Corporation or subsidiaries.....	--	--	484	
Common stock and stock options.....	1,432	230	162	
Payments for the redemption of				
Long-term debt.....	(1,298)	(1,191)	(1,505)	
Preferred and preference stock.....	(33)	(33)	(20)	
Net change in notes payable and commercial paper.....	(246)	1,484	58	
Distributions to minority interests.....	(329)	(1,216)	--	
Contributions from minority interests.....	--	1,116	--	
Dividends paid.....	(871)	(828)	(822)	
Other.....	26	(54)	22	
Net cash provided by financing activities.....	1,354	2,714	1,600	
Net (decrease) increase in cash and cash equivalents.....	(332)	9	533	
Cash and cash equivalents at beginning of period.....	622	613	80	
Cash and cash equivalents at end of period.....	\$ 290	\$ 622	\$ 613	

Supplemental Disclosures

Cash paid for interest, net of amount capitalized.....	\$ 733	\$ 817	\$ 541
Cash paid for income taxes.....	\$ 770	\$ 1,177	\$ 732

<TABLE>

See Notes to Consolidated Financial Statements.

63

<PAGE>

DUKE ENERGY CORPORATION

Consolidated Balance Sheets

<TABLE>

<CAPTION>

December 31,

2001 2000

In millions

<C> <C>

<S>

ASSETS

Current Assets (Note 1)

Cash and cash equivalents (Note 7).....	\$ 290	\$ 622
Receivables (Notes 1 and 7).....	5,301	8,648
Inventory (Note 1).....	1,017	739
Current portion of purchased capacity costs (Note 5).....	160	149
Realized gains on mark-to-market and hedging transactions (Notes 1 and 7)	2,326	11,038
Other.....	451	1,317

Total current assets.....	9,545	22,513

Investments and Other Assets

Investments in affiliates (Note 8).....	1,480	1,387
Nuclear decommissioning trust funds (Note 11).....	716	717
Pre-funded pension costs (Note 18).....	313	304
Goodwill, net of accumulated amortization (Notes 1 and 2).....	1,730	1,566
Notes receivable.....	576	462
Unrealized gains on mark-to-market and hedging transactions (Notes 1 and 7)	3,117	4,218
Other.....	1,299	1,143

Total investments and other assets.....	9,231	9,797

Property, Plant and Equipment (Notes 1, 5, 9, 10 and 11)

Cost.....	39,464	34,598
Less accumulated depreciation and amortization.....	11,049	10,146

Net property, plant and equipment.....	28,415	24,452

Regulatory Assets and Deferred Debits (Notes 1 and 4)

Purchased capacity costs (Note 5).....	189	356
Deferred debt expense.....	203	208
Regulatory asset related to income taxes.....	510	506

Other (Notes 4 and 15).....	282	400
Total regulatory assets and deferred debits.....	1,184	1,470
al Assets.....	\$48,375	\$58,232

</TABLE>

See Notes to Consolidated Financial Statements.

64

<PAGE>

DUKE ENERGY CORPORATION

Consolidated Balance Sheets--(Continued)

<TABLE>

<CAPTION>

December 31,

2001 2000

In millions

<C> <C>

LIABILITIES AND COMMON STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable.....	\$ 4,231	\$ 7,733
Notes payable and commercial paper (Notes 7 and 10).....	1,603	1,826
Taxes accrued (Note 1).....	443	261
Interest accrued.....	239	208
Current maturities of long-term debt and preferred stock (Notes 10 and 14).....	274	470
Unrealized losses on mark-to-market and hedging transactions (Notes 1 and 7).....	1,519	11,070
Other (Notes 1 and 15).....	2,118	1,769

Total current liabilities..... 10,427 23,337

Long-term Debt (Notes 7 and 10)..... 12,321 10,717

Deferred Credits and Other Liabilities (Note 1)

Deferred income taxes (Note 6).....	4,307	3,851
Investment tax credit (Note 6).....	189	211
Nuclear decommissioning costs externally funded (Note 11).....	716	717
Environmental cleanup liabilities (Note 15).....	85	100
Unrealized losses on mark-to-market and hedging transactions (Notes 1 and 7).....	2,212	3,581
Other (Notes 4 and 15).....	1,542	1,574

Total deferred credits and other liabilities..... 9,051 10,034

Commitments and Contingencies (Notes 5, 11 and 15)

Guaranteed Preferred Beneficial Interests in Subordinated Notes of Duke Energy Corporation or Subsidiaries (Notes 7 and 12).....	1,407	1,406
Priority Interest in Financing Subsidiary (Note 13).....	1,025	1,025
Minority Interests (Note 2).....	1,221	1,410
Preferred and Preference Stock (Notes 7 and 14)		
Preferred and preference stock with sinking fund requirements.....	25	38
Preferred and preference stock without sinking fund requirements.....	209	209
Total preferred and preference stock.....	234	247
Common Stockholders' Equity (Notes 1, 16 and 17)		
Common stock, no par, 2 billion shares authorized; 777 million and 739 million shares outstanding at December 31, 2001 and 2000, respectively.....	6,217	4,797
Retained earnings.....	6,292	5,379
Accumulated other comprehensive income (loss).....	180	(120)
Total common stockholders' equity.....	12,689	10,056
Total Liabilities and Common Stockholders' Equity.....	\$48,375	\$58,232

</TABLE>

See Notes to Consolidated Financial Statements.

65.

<PAGE>

DUKE ENERGY CORPORATION

Consolidated Statements Of Common Stockholders' Equity And Comprehensive Income

<TABLE>

<CAPTION>

	Common Stock	Accumulated Other Retained Earnings	Comprehensive Income (Loss)	Total	Comprehensive Income
In millions					
Balance December 31, 1998.....	\$4,449	\$3,701	\$ --	\$ 8,150	
Net income.....	--	1,507	--	1,507	\$1,507
Other comprehensive income.....					
Foreign currency translation adjustments (Note 1).....	--	--	(2)	(2)	(2)
Total comprehensive income.....					\$1,505

Dividend reinvestment and employee benefits				
(Note 17).....	154	--	--	154
Common stock dividends.....	--	(802)	--	(802)
Preferred and preference stock dividends (Note 14)....	--	(20)	--	(20)
Other capital stock transactions, net.....	--	11	--	11
Balance December 31, 1999.....	\$4,603	\$4,397	\$ (2)	\$ 8,998
Net income.....	--	1,776	--	1,776
Other comprehensive income.....				
Foreign currency translation adjustments				
(Note 1).....	--	--	(118)	(118)
Total comprehensive income.....				\$1,658

Dividend reinvestment and employee benefits				
(Note 17).....	194	--	--	194
Common stock dividends.....	--	(809)	--	(809)
Preferred and preference stock dividends (Note 14)....	--	(19)	--	(19)
Other capital stock transactions, net.....	--	34	--	34
Balance December 31, 2000.....	\$4,797	\$5,379	\$ (120)	\$10,056
Net income.....	--	1,898	--	1,898
Other Comprehensive Income(a).....				
Cumulative effect of change in accounting				
principle (Note 1).....	--	--	(921)	(921)
Foreign currency translation adjustments				
(Note 1).....	--	--	(187)	(187)
Net unrealized gains on cash flow hedges (Notes 1				
and 7).....	--	--	1,324	1,324
Reclassification into earnings (Notes 1 and 7)....	--	--	84	84
Total comprehensive income.....				\$2,198

Dividend reinvestment and employee benefits				
(Note 17).....	329	--	--	329
Equity offering (Note 16).....	1,091	--	--	1,091
Common stock dividends, including equity units				
contract adjustment (Note 16).....	--	(973)	--	(973)
Preferred and preference stock dividends (Note 14)....	--	(14)	--	(14)
Other capital stock transactions, net.....	--	2	--	2
Balance December 31, 2001.....	\$6,217	\$6,292	\$ 180	\$12,689

</TABLE>

(a) Other Comprehensive Income amounts are net of tax, except for foreign currency translation.

See Notes to Consolidated Financial Statements.

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements

For the Years Ended December 31, 2001, 2000 and 1999

1. Summary of Significant Accounting Policies

Consolidation. The Consolidated Financial Statements include the accounts of Duke Energy Corporation and all majority-owned subsidiaries, after eliminating significant intercompany transactions and balances. Investments in businesses not controlled by Duke Energy Corporation, but over which it has significant influence, are accounted for using the equity method.

Conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Although these estimates are based on management's best available knowledge of current and expected future events, actual results could be different from those estimates.

In these Notes, "Duke Energy" refers to Duke Energy Corporation and its subsidiaries.

Cash and Cash Equivalents. All liquid investments with maturities of three months or less at the date of purchase are considered cash equivalents.

Inventory. Inventory, excluding inventory held for trading, consists primarily of materials and supplies, natural gas and natural gas liquid (NGL) products held in storage for transmission, processing and sales commitments, and coal held for electric generation. This inventory is recorded at the lower of cost or market value, primarily using the average cost method. Inventory held for trading is marked to market.

Accounting for Hedges and Trading Activities. All derivatives not qualifying for the normal purchases and sales exemption under Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," are recorded on the Consolidated Balance Sheets at their fair value as Unrealized Gains or Unrealized Losses on Mark-to-Market and Hedging Transactions. On the date that swaps, futures, forwards or option contracts are entered into, Duke Energy designates the derivative as either held for trading (trading instrument); as a hedge of a forecasted transaction or future cash flows (cash flow hedge); as a hedge of a recognized asset, liability or firm commitment (fair value hedge); as a normal purchase or sale contract; or leaves the derivative undesignated and marks it to market.

For hedge contracts, Duke Energy formally assesses, both at the hedge contract's inception and on an ongoing basis, whether the hedge contract is highly effective in offsetting changes in fair values or cash flows of hedged items. The time value of options of \$1 million was excluded in the assessment and measurement of hedge effectiveness for the year ended December 31, 2001.

When available, quoted market prices or prices obtained through external sources are used to verify a contract's fair value. For contracts with a delivery location or duration for which quoted market prices are not available, value is determined based on pricing models developed primarily from historical and expected correlations with quoted market prices.

Values are adjusted to reflect the potential impact of liquidating the positions held in an orderly manner over a reasonable time period under current conditions. Changes in market price and management estimates directly affect the estimated fair value of these contracts. Accordingly, it is reasonably possible that such estimates may change in the near term.

67

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Trading. Prior to settlement of any energy contract held for trading purposes, a favorable or unfavorable price movement is reported as Natural Gas and Petroleum Products Purchased, or Net Interchange and Purchased Power, in the Consolidated Statements of Income. An offsetting amount is recorded on the Consolidated Balance Sheets as Unrealized Gains or Unrealized Losses on Mark-to-Market and Hedging Transactions. When a contract to sell is physically settled, the fair value entries are reversed and the gross amount invoiced to the customer is included as Sales, Trading and Marketing of Natural Gas and Petroleum Products, or Trading and Marketing of Electricity, in the Consolidated Statements of Income. Similarly, when a contract to purchase is physically settled, the purchase price is included as Natural Gas and Petroleum Products Purchased, or Net Interchange and Purchased Power, in the Consolidated Statements of Income. If a contract is not financially settled, the unrealized gain or loss on the Consolidated Balance Sheets is reversed and reclassified to a receivable or payable account. For income statement purposes, financial settlement has no revenue presentation effect on the Consolidated Statements of Income.

Cash Flow Hedges. Changes in the fair value of a derivative designated and qualified as a cash flow hedge are included in the Consolidated Statements of Common Stockholders' Equity and Comprehensive Income as Other Comprehensive Income (OCI) until earnings are affected by the hedged item. Settlement amounts and ineffective portions of cash flow hedges are removed from OCI and recorded in the Consolidated Statements of Income in the same accounts as the item being hedged. Duke Energy discontinues hedge accounting prospectively when it is determined that the derivative no longer qualifies as an effective hedge, or when it is no longer probable that the hedged transaction will occur. When hedge accounting is discontinued because the derivative no longer qualifies as an effective hedge, the derivative continues to be carried on the Consolidated Balance Sheets at its fair value, with subsequent changes in its fair value recognized in current-period earnings. Gains and losses related to discontinued hedges that were previously accumulated in OCI will remain in OCI until

earnings are affected by the hedged item, unless it is no longer probable that the hedged transaction will occur. Gains and losses that were accumulated in OCI will be immediately recognized in current-period earnings.

Fair Value Hedges. Duke Energy enters into interest rate swaps to convert some of its fixed-rate long-term debt to floating-rate long-term debt and designates such interest rate swaps as fair value hedges. Duke Energy also enters into electricity derivative instruments such as swaps, futures and forwards to manage the fair value risk associated with some of its unrecognized firm commitments to sell generated power due to changes in the market price of power. Upon designation of such derivatives as fair value hedges, prospective changes in the fair value of the derivative and the hedged item are recognized in current earnings in a manner consistent with the earnings effect of the hedged risk. All components of each derivative gain or loss are included in the assessment of hedge effectiveness, unless otherwise noted.

Goodwill. Goodwill is the cost of an acquisition less the fair value of the net assets of the acquired business. Prior to January 1, 2002, Duke Energy amortized goodwill on a straight-line basis over the useful lives of the acquired assets, ranging from 10 to 40 years. The amount of goodwill reported on the Consolidated Balance Sheets as of December 31, 2001 was \$1,730 million, net of accumulated amortization of \$388 million. The amount of goodwill as of December 31, 2000 was \$1,566 million, net of accumulated amortization of \$291 million. Duke Energy has implemented SFAS No. 142, "Goodwill and Other Intangible Assets" as of January 1, 2002. For information on the impact of SFAS No. 142 on goodwill and goodwill amortization, see the New Accounting Standards section of this footnote. (See Note 2 for information on significant goodwill conditions.)

Property, Plant and Equipment. Property, plant and equipment are stated at historical cost less accumulated depreciation. Duke Energy capitalizes all construction-related direct labor and material costs, as well as indirect construction costs. Indirect costs include general engineering, taxes and the cost of funds used

68

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

during construction. The cost of renewals and betterments that extend the useful life of property, plant and equipment is also capitalized. The cost of repairs, replacements and major maintenance projects is expensed as it is incurred. Depreciation is generally computed using the straight-line method. The composite weighted-average depreciation rates, excluding nuclear fuel, were 4.01% for 2001, 3.97% for 2000 and 3.73% for 1999.

When Duke Energy retires its regulated property, plant and equipment, it charges the original cost plus the cost of retirement, less salvage, to accumulated depreciation and amortization. When it sells entire regulated operating units, or retires or sells non-regulated properties, the property and

related accumulated depreciation and amortization accounts are reduced. Any gain or loss is recorded as income, unless otherwise required by the Federal Energy Regulatory Commission (FERC).

Impairment of Long-Lived Assets. Duke Energy reviews the recoverability of long-lived and intangible assets when circumstances indicate that the carrying amount of the asset may not be recoverable. This evaluation is based on various analyses, including undiscounted cash flow projections.

Unamortized Debt Premium, Discount and Expense. Premiums, discounts and expenses incurred with the issuance of outstanding long-term debt are amortized over the terms of the debt issues. Any call premiums or unamortized expenses associated with refinancing higher-cost debt obligations used to finance regulated assets and operations are amortized consistent with regulatory treatment of those items, where appropriate.

Environmental Expenditures. Duke Energy expenses environmental expenditures that relate to conditions caused by past operations that do not generate current or future revenues. Environmental expenditures related to operations that generate current or future revenues are expensed or capitalized, as appropriate. Liabilities are recorded when environmental assessments and/or cleanups are probable and the costs can be reasonably estimated.

Cost-Based Regulation. Duke Energy's regulated operations are subject to SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." The economic effects of regulation can result in a regulated company recording costs that have been or are expected to be allowed in the rate-setting process a period different from the period in which the costs would be charged to expense by an unregulated enterprise. Accordingly, Duke Energy records assets and liabilities that result from the regulated ratemaking process that would not be recorded under GAAP for non-regulated entities. These regulatory assets and liabilities are classified in the Consolidated Balance Sheets as Regulatory Assets and Deferred Debits, and Deferred Credits and Other Liabilities. (See Note 4.) Duke Energy periodically evaluates the applicability of SFAS No. 71, and considers factors such as regulatory changes and the impact of competition. If cost-based regulation ends or competition increases, companies may have to reduce their asset balances to reflect a market basis less than cost, and write off their associated regulatory assets.

Stock-Based Compensation. Duke Energy accounts for stock-based compensation under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," by which compensation cost is the quoted market price of Duke Energy stock on the date of the grant minus the amount an employee must pay to acquire the stock. Restricted stock grants and company performance awards are recorded over the required vesting period as compensation cost, based on the market value on the date of the grant. (See Note 17 for pro forma disclosures using the fair value accounting method.) All outstanding common stock amounts and compensation awards have been adjusted to reflect the two-for-one common stock split effective January 26, 2001. (See Note 16 for more information on the stock split.)

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Revenues. Revenues on sales of electricity and on natural gas transportation and storage are recognized when the service is provided. Revenues on sales of natural gas and petroleum products, as well as electricity, natural gas and other energy products marketed, are recognized in the delivery period. The allowance for doubtful accounts was \$265 million as of December 31, 2001 and \$200 million as of December 31, 2000. Receivables on the Consolidated Balance Sheets included \$177 million as of December 31, 2001 and \$244 million as of December 31, 2000 for electric service provided but not yet billed. The amount for 2001 includes a \$36 million reduction in unbilled revenue receivables, resulting from a refinement in the estimates used to calculate unbilled kilowatt-hour sales. Pending final approval of rate cases, a portion of revenues is subject to possible refund, and reserves are established where required.

Long-term contracts, primarily in the Other Energy Services segment, are accounted for using the percentage-of-completion method. Under the percentage-of-completion method, sales and gross profit are recognized as the work is performed based on the relationship between costs incurred and total estimated costs at completion. Sales and gross profit are adjusted prospectively for revisions in estimated total contract costs and contract values. When the current estimates of total contract revenue and contract cost indicate a loss, a provision for the entire loss on the contract is recorded in the period. The provision for the loss arises because estimated cost for the contract exceeds estimated revenue.

Nuclear Fuel. Amortization of nuclear fuel is included in the Consolidated Statements of Income as Fuel Used in Electric Generation. The amortization is recorded using the units-of-production method.

Deferred Returns and Allowance for Funds Used During Construction (AFUDC). Deferred returns, recorded in accordance with SFAS No. 71, represent the estimated financing costs associated with funding regulatory assets that primarily arise from the funding of purchased capacity costs above levels collected in rates. Deferred returns are non-cash items and are primarily recognized as an addition to Purchased Capacity Costs, with an offsetting credit to Other Income and Expenses. The amount of deferred returns included in Other Income and Expenses was \$43 million in 2001, \$50 million in 2000 and \$67 million in 1999.

AFUDC represents the estimated debt and equity costs of capital funds necessary to finance the construction of new regulated facilities. AFUDC is a non-cash item and is recognized as a Property, Plant and Equipment cost, with offsetting credits to Other Income and Expenses and to Interest Expense. After construction is completed, Duke Energy is permitted to recover these costs, including a fair return, by including them in the rate base and in the depreciation provision. The total amount of AFUDC included in Other Income and Expenses and Interest Expense was \$39 million in 2001, \$20 million in 2000 and \$23 million in 1999.

Rates used for capitalization of deferred returns and AFUDC by Duke Energy's regulated operations are calculated in compliance with GAAP rules.

Foreign Currency Translation. Duke Energy translates assets and liabilities for its international operations, where the local currency is the functional currency, at year-end exchange rates. Revenues and expenses are translated using average exchange rates during the year. Foreign Currency Translation Adjustments are included in the Consolidated Statements of Common Stockholders' Equity and Comprehensive Income. In the financial statements for international operations, where the U.S. dollar is the functional currency, transactions denominated in the local currency have been remeasured in U.S. dollars. Remeasurement resulting from foreign currency gains and losses is included in consolidated net income.

70

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Income Taxes. Duke Energy and its subsidiaries file a consolidated federal income tax return. Deferred income taxes have been provided for temporary differences. These occur when there are differences between the GAAP and tax carrying amounts of assets and liabilities. These differences create taxable or deductible amounts for future periods. Investment tax credits have been deferred and are being amortized over the estimated useful lives of the related properties.

Excise and Other Pass-Through Taxes. Duke Energy generally presents revenues net of pass-through taxes on the Consolidated Statements of Income.

Earnings Per Common Share. Basic earnings per share is based on a simple weighted average of common shares outstanding. Diluted earnings per share reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity units, were exercised or converted into common stock. The numerator for the calculation of both basic and diluted earnings per share is earnings available for common stockholders. The following table shows the denominator for basic and diluted earnings per share.

Denominator for Earnings per Share

<TABLE>
<CAPTION>

2001 2000 1999

In millions

<C> <C> <C>

Denominator for basic earnings per share (weighted-average shares outstanding)..... 767.5 735.7 729.3

Assumed exercise of diluted stock equivalents..... 5.4 3.7 1.6

Denominator for diluted earnings per share..... 772.9 739.4 730.9

ABLE>

Prior years' common stock amounts have been adjusted to reflect the two-for-one common stock split effective January 26, 2001. (See Note 16.)

Options to purchase approximately 6.0 million shares of common stock as of December 31, 2001, 3.3 million shares as of December 31, 2000 and 4.7 million shares as of December 31, 1999 were not included in the computation of diluted earnings per share because the option exercise prices were greater than the average market price of the common shares during the periods.

Cumulative Effect of Change in Accounting Principle. Duke Energy adopted SFAS No. 133 as amended and interpreted on January 1, 2001. In accordance with the transition provisions of SFAS No. 133, Duke Energy recorded a net-of-tax cumulative effect adjustment of \$96 million, or \$0.13 per basic share, as a reduction in earnings. The net-of-tax cumulative effect adjustment reducing OCI and Common Stockholders' Equity was \$921 million. For the 12 months ended December 31, 2001, Duke Energy reclassified as earnings \$222 million of losses from OCI for derivatives included in the transition adjustment related to hedge transactions that settled. The amount reclassified out of OCI will be different from the amount included in the transition adjustment due to market price changes since January 1, 2001.

The Financial Accounting Standards Board's (FASB) Derivative Implementation up (DIG), while no longer an active group, was active during 2001. In December 2001, the DIG issued a final revision to Issue C15, "Scope Exceptions: Normal Purchases and Normal Sales Exception for Option-Type Contracts and Forwards Contracts in Electricity." Under the guidance of Issue C15, if certain electricity contracts meet the criteria, they could qualify as a normal purchase or sale under SFAS No. 133. This new guidance will be effective April 1, 2002. The original wording of Issue C15, which was effective beginning July 1, 2001, will apply through the first

71

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

quarter of 2002. For contracts previously designated as hedges, Duke Energy treated the change as a de-designation under SFAS No. 133, and the fair value for each qualifying contract on July 1, 2001 became the contract's net carrying amount. Duke Energy is continuing to determine the impact of the revision on its future consolidated results of operations, cash flows and financial position.

Extraordinary Items. In 1999, Duke Energy realized an extraordinary after-tax gain of \$660 million, or \$0.91 per share, from the sale of Panhandle

Eastern Pipe Line Company (PEPL), Trunkline Gas Company (Trunkline) and additional storage related to those systems, along with Trunkline LNG Company, CMS Energy Corporation (CMS).

new Accounting Standards. In June 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142.

SFAS No. 141 requires that all business combinations initiated (as defined by the standard) after June 30, 2001 be accounted for using the purchase method. Companies may no longer use the pooling method of accounting for future combinations.

SFAS No. 142 is effective for fiscal years beginning after December 15, 2001, and was adopted by Duke Energy as of January 1, 2002. SFAS No. 142 requires that goodwill no longer be amortized over an estimated useful life, as previously required. Instead, goodwill amounts will be subject to a fair-value-based annual impairment assessment. The standard also requires certain identifiable intangible assets to be recognized separately and amortized as appropriate. No such intangibles have been identified at Duke Energy. Duke Energy expects the adoption of SFAS No. 142 to have an impact on future financial statements, due to the discontinuation of goodwill amortization expense. For 2001, pre-tax goodwill amortization expense was \$101 million. The FASB and the Emerging Issues Task Force (EITF) continue to respond to questions to clarify key aspects of SFAS No. 142. Duke Energy has determined the effect of implementing SFAS No. 142 and does not expect to record any impairment in 2002.

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 provides the accounting requirements for retirement obligations associated with tangible long-lived assets. It is effective for fiscal years beginning after June 15, 2002, and early adoption is permitted. Duke Energy is currently assessing the new standard and has not yet determined the impact on its consolidated results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The new rules supersede SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The new rules retain many of the fundamental recognition and measurement provisions, but significantly change the criteria for classifying an asset as held-for-sale. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Duke Energy has evaluated the new standard, and management believes that it will have no material adverse effect on Duke Energy's consolidated results of operations or financial position.

Reclassifications. Certain amounts reported in prior periods have been reclassified in the Consolidated Financial Statements to conform to current classifications.

Notes To Consolidated Financial Statements -- Continued

Business Acquisitions and Dispositions

Business Acquisitions. Using the purchase method for acquisitions, Duke Energy consolidates assets and liabilities as of the purchase date, and includes earnings from acquisitions in consolidated earnings after the purchase date. Assets acquired and liabilities assumed are recorded at estimated fair values on the date of acquisition. The purchase price minus the estimated fair value of the acquired assets and liabilities is recorded as goodwill. In accordance with SFAS No. 142, goodwill is subject to a fair-value-based annual impairment assessment beginning January 1, 2002. The allocation of the purchase price may be adjusted if additional information on asset and liability valuations becomes available within one year after the acquisition.

Market Hub Partners (MHP). In September 2000, Duke Energy, through a wholly owned subsidiary, completed the acquisition of MHP from subsidiaries of NiSource Inc. for approximately \$250 million in cash and the assumption of \$150 million in debt. MHP provides natural gas storage services in Louisiana and Texas. Approximately \$228 million of goodwill was recorded in the transaction. MHP debt agreements required a tender offer for \$115 million of the assumed debt. As of December 31, 2001, approximately \$88 million of this debt was retired.

Phillips Petroleum's Gas Gathering, Processing and Marketing Unit. In March 2000, Duke Energy, through a wholly owned subsidiary, completed the approximately \$1.7 billion transaction that combined Field Services' and Phillips Petroleum's gas gathering, processing and marketing business to form a new midstream company, Duke Energy Field Services, LLC (DEFS). In connection with the combination, DEFS issued approximately \$2.75 billion of commercial paper in April 2000 and used the proceeds to make one-time cash distributions of approximately \$1.53 billion to Duke Energy and \$1.22 billion to Phillips Petroleum. Duke Energy owns approximately 70% of DEFS and Phillips Petroleum owns approximately 30%. Goodwill of approximately \$432 million was recorded in the transaction.

East Tennessee Natural Gas Company (ETNG). In March 2000, Duke Energy, through a wholly owned subsidiary, completed the approximately \$390 million acquisition of ETNG from El Paso Energy. ETNG owns a 1,100-mile interstate natural gas pipeline system that crosses Duke Energy's Texas Eastern Transmission, LP's pipeline and serves the southeastern region of the U.S. Goodwill of approximately \$125 million was recorded in the transaction.

Dominion Resources' Hydroelectric, Natural Gas and Diesel Power Generation Businesses. In April 2000, Duke Energy, through its wholly owned subsidiary Duke Energy International, LLC (DEI), completed the acquisition (which began, and parts of which had already closed, in 1999) of Dominion Resources Inc.'s 1,200-megawatt portfolio of hydroelectric, natural gas and diesel power generation businesses in Latin America. The total purchase price was approximately \$405 million. Goodwill totaling \$109 million was recorded in the transaction.

Companhia de Geracao de Energia Eletrica Paranapanema (Paranapanema). In

January 2000, Duke Energy, through its wholly owned subsidiary DEI, completed a series of transactions to purchase for approximately \$1.03 billion an approximate 95% interest in Paranapanema, an electric generating company in Brazil. Goodwill of approximately \$134 million was recorded in the transaction.

Acquisition of Westcoast Energy Inc. (Westcoast). On March 14, 2002, Duke Energy acquired Westcoast for approximately \$8 billion, including the assumption of debt. Westcoast, headquartered in Vancouver, British Columbia, is a North American energy company with interests in natural gas gathering, processing, transmission, storage and distribution, as well as power generation and international energy businesses. In the

73

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

transaction, a Duke Energy subsidiary acquired all of the outstanding common shares of Westcoast in exchange for approximately 49.9 million shares of Duke Energy common stock (including exchangeable shares of a Duke Energy Canadian subsidiary that are substantially equivalent to and exchangeable on a one-for-one basis for Duke Energy common stock), and approximately \$1.8 billion in cash. Under proration provisions that ensure that approximately 50% of the total consideration is paid in cash and 50% in stock, each common share of Westcoast entitled the holder to elect to receive \$43.80 in cash (Canadian), 11 of a share of Duke Energy common stock or of an exchangeable share of a Duke Energy Canadian subsidiary, or a combination thereof. The cash portion of the consideration was funded with the proceeds from the issuance of \$750 million in mandatory convertible securities (Equity Units) in November 2001 (See Note 16) along with incremental commercial paper. Duke Energy plans to retire the commercial paper later in 2002 and replace it with permanent capital in the form of mandatory convertible equity. The timing for the mandatory convertible equity will be dependent on the opportunities presented and favorable market conditions. The Westcoast acquisition was accounted for using the purchase method of accounting.

Dispositions. BellSouth Carolina PCS. In September 2000, Duke Energy, through its wholly owned subsidiary DukeNet Communications, LLC (DukeNet), sold its 20% interest in BellSouth Carolina PCS for approximately \$400 million to BellSouth Corporation. Operating revenues in 2000 include the resulting pre-tax gain of \$407 million, or an after-tax gain of \$0.34 per basic share.

The pro forma results of operations for acquisitions and dispositions do not materially differ from reported results.

3. Business Segments

Duke Energy, an integrated provider of energy and energy services, offers physical delivery and management of both electricity and natural gas throughout U.S. and abroad. Duke Energy provides these and other services through seven business segments.

Franchised Electric generates, transmits, distributes and sells electricity central and western North Carolina and western South Carolina. It conducts operations primarily through Duke Power and Nantahala Power and Light. These electric operations are subject to the rules and regulations of the FERC, the North Carolina Utilities Commission (NCUC) and the Public Service Commission of South Carolina (PSCSC).

Natural Gas Transmission provides transportation and storage of natural gas for customers throughout North America, primarily in the Mid-Atlantic, New England and southeastern states. It conducts operations primarily through Duke Energy Gas Transmission Corporation. Interstate natural gas transmission and storage operations are subject to the FERC's rules and regulations.

Field Services gathers, processes, transports, markets and stores natural gas and produces, transports, markets and stores NGLs. It conducts operations primarily through DEFS, which is approximately 30% owned by Phillips Petroleum. Field Services operates gathering systems in western Canada and 11 contiguous states in the U.S. Those systems serve major natural gas-producing regions in the Rocky Mountain, Permian Basin, Mid-Continent, East Texas-Austin Chalk-North Louisiana, and onshore and offshore Gulf Coast areas.

North American Wholesale Energy (NAWE) develops, operates and manages merchant generation facilities and engages in commodity sales and services related to natural gas and electric power. NAWE conducts these operations primarily through Duke Energy North America, LLC (DNA) and Duke Energy Trading and

74

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Marketing, LLC (DETM). DETM is approximately 40% owned by Exxon Mobil Corporation. NAWE also includes Duke Energy Merchants Holdings, LLC, which develops new business lines in the evolving energy commodity markets other than natural gas and power. NAWE conducts business primarily throughout the U.S. and Canada.

International Energy develops, operates and manages natural gas transportation and power generation facilities and engages in energy trading and marketing of natural gas and electric power. It conducts operations primarily through DEI and its activities target the Latin American, Asia-Pacific and European regions.

Other Energy Services is a combination of businesses that provide engineering, consulting, construction and integrated energy solutions worldwide, primarily through Duke Engineering & Services, Inc. (DE&S), Duke/Fluor Daniel (D/FD) and DukeSolutions, Inc. (Duke Solutions). D/FD is a 50 partnership between Duke Energy and Fluor Enterprises, Inc., a wholly owned subsidiary of Fluor Corporation. (See Note 8.) On January 31, 2002, Duke

Energy announced the planned sale of DE&S to Framatome ANP, Inc. and, on March 13, 2002, Duke Energy announced the planned sale of DukeSolutions to Ameresco, (See Note 20.)

uke Ventures is composed of other diverse businesses, operating primarily through Crescent Resources, LLC (Crescent), DukeNet and Duke Capital Partners, LLC (DCP). Crescent develops high-quality commercial, residential and multi-family real estate projects and manages land holdings primarily in the southeastern U.S. DukeNet provides fiber optic networks for industrial, commercial and residential customers. DCP, a wholly owned merchant banking company, provides debt and equity capital and financial advisory services to the energy industry.

Duke Energy's reportable segments offer different products and services and are managed separately as strategic business units. Their accounting policies are the same as those described in Note 1. Management evaluates segment performance based on earnings before interest and taxes (EBIT) after deducting minority interests. EBIT is calculated as follows:

Reconciliation of Operating Income to EBIT

<TABLE>

<CAPTION>

Years Ended December 31,

2001 2000 1999

In millions

<S>	<C>	<C>	<C>
Operating income.....	\$4,100	\$3,813	\$1,819
Other income and expenses	156	201	224
EBIT.....	\$4,256	\$4,014	\$2,043

</TABLE>

EBIT is the main performance measure used by management to evaluate segment performance. As an indicator of Duke Energy's operating performance or liquidity, EBIT should not be considered an alternative to, or more meaningful than, net income or cash flow as determined in accordance with GAAP. Duke Energy's EBIT may not be comparable to a similarly titled measure of another company.

Beginning January 1, 2001, Duke Energy discontinued allocating corporate governance costs for its business segment analysis. Information for the 2000 and 1999 periods has been reclassified to conform to the current-year presentation. Other Operations primarily includes certain unallocated corporate costs.

Notes To Consolidated Financial Statements -- Continued

the accompanying table, EBIT includes intersegment sales at prices representative of unaffiliated party transactions. Capital and investment expenditures are gross of cash received from acquisitions. The table also provides information on segment assets, net of intercompany advances, intercompany notes receivable, intercompany current assets, intercompany derivative assets and investments in subsidiaries.

Business Segment Data

<TABLE>

<CAPTION>

	Unaffiliated Revenues		Intersegment Revenues		Depreciation Capital and Total EBIT		Investment Segment Amortization Expenditures		Assets
	In millions								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Year Ended December 31, 2001									
Franchised Electric.....	\$ 4,737	\$ 9	\$ 4,746	\$ 1,631	\$ 588	\$ 1,115	\$ 12,964		
Natural Gas Transmission.....	967	138	1,105	608	141	748	5,027		
Field Services.....	7,997	1,654	9,651	336	285	587	7,113		
North American Wholesale Energy....	42,815	382	43,197	1,351	132	3,272	14,562		
International Energy.....	2,074	16	2,090	286	97	442	5,115		
Other Energy Services.....	267	298	565	(13)	42	13	145		
Duke Ventures.....	646	--	646	183	20	773	1,926		
Other Operations.....	--	62	62	(357)	31	90	2,369		
Eliminations and minority interests	--	(2,559)	(2,559)	231	--	--	(846)		
Total consolidated.....	\$59,503	\$ --	\$59,503	\$4,256	\$1,336	\$7,040	\$48,375		
Year Ended December 31, 2000									
Franchised Electric.....	\$ 4,946	\$ --	\$ 4,946	\$ 1,820	\$ 565	\$ 661	\$ 12,819		
Natural Gas Transmission.....	998	133	1,131	562	131	973	4,995		
Field Services.....	7,601	1,459	9,060	311	240	376	6,624		
North American Wholesale Energy....	33,590	284	33,874	434	75	1,937	28,213		
International Energy.....	1,060	7	1,067	341	97	980	4,551		
Other Energy Services.....	326	369	695	(59)	13	28	543		
Duke Ventures.....	797	--	797	568	17	643	1,967		
Other Operations.....	--	(134)	(134)	(194)	29	36	2,749		
Eliminations and minority interests	--	(2,118)	(2,118)	231	--	--	(4,229)		
Total consolidated.....	\$49,318	\$ --	\$49,318	\$4,014	\$1,167	\$5,634	\$58,232		
Year Ended December 31, 1999									
Franchised Electric.....	\$ 4,700	\$ --	\$ 4,700	\$ 942	\$ 542	\$ 759	\$ 13,133		
Natural Gas Transmission.....	1,124	106	1,230	656	126	261	3,897		
Field Services.....	2,883	707	3,590	156	131	1,630	3,565		
North American Wholesale Energy....	11,623	178	11,801	219	57	1,028	6,268		
International Energy.....	323	34	357	44	58	1,779	4,459		
Other Energy Services.....	680	309	989	(86)	14	94	612		

Duke Ventures.....	433	--	433	165	13	382	1,031
Other Operations.....	--	(162)	(162)	(145)	27	3	1,250
Eliminations and minority interests	--	(1,172)	(1,172)	92	--	--	(806)
Total consolidated.....	\$21,766	\$ --	\$21,766	\$2,043	\$ 968	\$5,936	\$33,409

</TABLE>

76

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

<TABLE>

<S> <C> <C> <C> <C> <C>

Geographic Data

 Latin Other

 U.S. Canada America Foreign Consolidated

In millions

2001

Consolidated revenues..... \$51,723 \$5,690 \$ 628 \$1,462 \$59,503

Consolidated long-term assets 34,150 516 2,573 1,594 38,833

2000

Consolidated revenues..... \$43,282 \$4,964 \$ 512 \$ 560 \$49,318

Consolidated long-term assets 30,772 900 2,823 1,222 35,717

1999

Consolidated revenues..... \$19,336 \$2,007 \$ 171 \$ 252 \$21,766

Consolidated long-term assets 22,995 250 2,708 901 26,854

</TABLE>

4. Regulatory Matters

Regulatory Assets and Liabilities

Duke Energy's regulated operations are subject to SFAS No. 71. Accordingly, Duke Energy records assets and liabilities that result from the regulated ratemaking process that would not be recorded under GAAP for non-regulated entities. (See Note 1.) The following table details Duke Energy's regulatory assets and liabilities.

<TABLE>

<S> <C> <C>

Regulatory Assets and Liabilities

December 31,

Assets (Liabilities) 2001 2000

In millions

Purchased capacity costs (see Note 5).....	\$ 349	\$ 505
Deferred debt expense.....	203	208
Regulatory asset related to income taxes.....	510	506
Department of Energy (DOE) assessment fee (a)	53	62
Emission allowance control (a).....	10	14
Demand-side management costs (a).....	57	71
Environmental cleanup costs (a).....	29	28
Nuclear property and liability reserves (b).....	(100)	(100)
Fuel cost liabilities (b).....	(17)	(45)

</TABLE>

(a) Included in Other Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets

(b) Included in Other Deferred Credits and Other Liabilities on the Consolidated Balance Sheets

Franchised Electric. The NCUC and the PSCSC approve rates for retail electric sales within their states. The FERC approves Franchised Electric's rates for electric sales to wholesale customers, excluding the other joint owners of the Catawba Nuclear Station. Electric sales to the other joint owners of the Catawba Nuclear Station are set through contractual agreements. (See Note 5 for ownership interests in Catawba Nuclear Station.)

77

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Fuel costs are reviewed semiannually by the FERC and annually by the PSCSC, with provisions for reviewing those costs in base rates. The NCUC reviews fuel costs in rates annually and during general rate case proceedings. All jurisdictions allow Duke Energy to adjust electric rates for past over- or under-recovery of fuel costs. The difference between actual fuel costs incurred for electric operations and fuel costs recovered through rates is reflected in revenues.

In 1999 and 2000, the FERC issued its Order 2000 and Order 2000-A regarding Regional Transmission Organizations (RTOs). These orders set minimum characteristics and functions RTOs must meet, including independent authority to establish the terms and conditions of transmission service over the facilities they control. The orders provide for an open and flexible RTO structure to meet the needs of the market, and for the possibility of incentive ratemaking and other benefits for transmission owners that participate.

As a result of these rulemakings, Duke Energy and two other investor-owned utilities, Carolina Power & Light Company and South Carolina Electric & Gas Company, planned to establish GridSouth Transco, LLC (GridSouth), as an RTO responsible for the control of the companies' combined transmission systems. In March 2001, GridSouth received provisional approval from the FERC. However, in

July 2001, the FERC issued orders recommending that utilities throughout the U.S. combine their transmission systems to create four large independent regional operators, one each in the Northeast, Southeast, Midwest and West. The FERC ordered GridSouth and other utilities in the Southeast to join in 45 days of mediation to negotiate terms of a Southeast RTO. The FERC has not issued an order specifically based on those proceedings.

Duke Energy, Carolina Power & Light Company and South Carolina Electric & Gas Company remain committed to the GridSouth RTO, but due to regulatory uncertainties in the RTO arena, the companies have withdrawn their applications to the PSCSC and NCUC to transfer functional control of their electric transmission assets to GridSouth. The companies intend to file new applications before the state commissions in the near future, including a revised GridSouth structure designed to meet the needs of customers and regulators. Also, in January of 2002, GridSouth signed a memorandum of understanding with the representatives of SeTrans Grid Company (SeTrans), a group of investor-owned utilities and public power entities in several southeastern states seeking to form an RTO, to cooperate in discussing potential operational relationships between GridSouth and SeTrans and the structure of wholesale electric markets in the southeast U.S.

The actual structure of GridSouth or an alternative combined transmission structure and the date it will become operational depend upon the resolution of all regulatory approvals and technical issues. Management believes that the result of this process, and the establishment and operation of GridSouth or an alternative combined transmission system structure, will have no material adverse effect on Duke Energy's future consolidated results of operations, cash flows or financial position.

In 2001, the NCUC and PSCSC began a joint investigation, along with the Public Staff of the NCUC, regarding certain Duke Power regulatory accounting entries for 1998. In its internal review of the 14 entries in question, Duke Energy concluded that nine items were correctly classified for regulatory accounting. Four items were incorrectly classified for regulatory purposes for 1998 only, and did not recur. The classification of the remaining item, distributions from a mutual insurance company, is subject to differing regulatory interpretations. Duke Energy believes this item was appropriately classified, but is evaluating its classification for future years. As part of their investigation, the NCUC and PSCSC have jointly engaged an independent firm to conduct an audit of Duke Power's accounting records for reporting periods from 1998 through June 30, 2001. Duke Energy continues to fully cooperate with the commissions in their investigation. As requested by the NCUC, Duke Energy has recorded the 2001 mutual insurance distribution, approximately \$33 million, in a deferred credit account on the Consolidated Balance Sheets, pending final outcome of the independent audit.

Natural Gas Transmission. In 2000, the FERC issued Order 637, which sets forth revisions to its regulations governing short-term natural gas transportation services and policies governing the regulation of interstate natural gas pipelines. "Short-term" has been defined as all transactions of less than one year. Among the significant actions taken are the lifting of the price cap for short-term capacity release by pipeline customers for an experimental 2 1/2-year period ending September 1, 2002, and requiring interstate pipelines to file pro forma tariff sheets to (i) provide for nomination equality between capacity release and primary pipeline capacity; (ii) implement imbalance management services (for which interstate pipelines may charge fees) while at the same time reducing the use of operational flow orders and penalties; and (iii) provide segmentation rights if operationally feasible. Order 637 also narrows the right of first refusal to remove economic biases perceived in the current rule. Order 637 imposes significant new reporting requirements for interstate pipelines that were implemented by Duke Energy during 2000. Additionally, Order 637 permits pipelines to propose peak/off-peak rates and term-differentiated rates, and encourages pipelines to propose experimental capacity auctions. By Order 637-A, issued in 2000, the FERC generally denied requests for rehearing and several parties, including Duke Energy, have filed appeals in the District of Columbia Court of Appeals seeking court review of various aspects of the Order. During the third quarter of 2001, Duke Energy's interstate pipelines submitted revised pro forma tariff sheets to update the filings originally submitted in 2000. These filings are currently subject to review and approval by the FERC.

Management believes that the effects of these matters will have no material adverse effect on Duke Energy's future consolidated results of operations, cash flows or financial position.

Notice of Proposed Rulemaking (NOPR). On September 27, 2001, the FERC issued a NOPR announcing that it is considering new regulations regarding standards of conduct that would apply uniformly to natural gas pipelines and electric transmitting public utilities that are currently subject to different gas or electric standards. The proposed standards would change how companies and their affiliates interact and share information by broadening the definition of "affiliate" covered by the standards of conduct, from the more narrow definition in the existing regulations. The NOPR also seeks comment on whether the standards of conduct should be broadened to include the separation of those involved in the bundled retail electric sales function from those in the transmission function, as the current standards apply only to those involved in wholesale activities. Various entities filed comments on the NOPR with the FERC, including Duke Energy which filed on December 20, 2001. The FERC has indicated that they appreciate the complexity of the issues and that they would prefer having a technical conference before entering directly into a final rulemaking. No notice of a technical conference has been given at this time.

5. Joint Ownership of Generating Facilities

<TABLE>

<S>

<C>

Joint Ownership of Catawba Nuclear Station (a)

Ownership
Interest

Owner

North Carolina Municipal Power Agency Number 1 (NCMPA)	37.5%
North Carolina Electric Membership Corporation (NCEMC)	28.1%
Duke Energy Corporation	12.5%
Piedmont Municipal Power Agency (PMPA)	12.5%
Saluda River Electric Cooperative, Inc. (Saluda River)	9.4%

100.0%

</TABLE>

(a) Facility operated by Duke Energy

79

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

As of December 31, 2001, \$536 million of property, plant and equipment and \$296 million of accumulated depreciation and amortization represented Duke Energy's undivided interest in Catawba Nuclear Station Units 1 and 2. Duke Energy's share of operating costs is included in the Consolidated Statements of Income.

Contractual agreements to purchase declining percentages of the generating capacity and energy from the station through the year 2000 resulted in purchased capacity costs subject to rate levelization and deferral. The cost of capacity purchased but not reflected in current rates is reported in the Consolidated Balance Sheets as Current Portion of Purchased Capacity Costs and Purchased Capacity Costs. Those costs were \$349 million as of December 31, 2001 and \$505 million as of December 31, 2000. Duke Energy expects to recover the accumulated balance, including returns on the deferred balance, through 2004. The amounts levelized in rates are intended to recover total costs, including deferred returns, and are subject to adjustments, including final true-ups. Purchased capacity and energy costs from the other joint owners were not material for 2001, but were approximately \$7 million for 2000 and \$62 million for 1999. After adjustments for current rates, these amounts are included in the Consolidated Statements of Income as Net Interchange and Purchased Power.

The interconnection agreements also provide for supplemental power sales by Duke Energy to the other joint owners of Catawba Nuclear Station, to satisfy their capacity and energy needs beyond what they retain from the station or acquire elsewhere. NCEMC, Saluda River and NCMPA have elected to buy power outside of these contractual agreements effective January 1, 2001. Management believes this will have no material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position. PMPA will continue to receive supplemental power sales from Duke Energy through December 2005.

6. Income Taxes

<TABLE>

<S>

Income Tax Expense

<C>

<C>

<C>

For the Years Ended December 31,

2001

2000

1999

In millions

Current income taxes

Federal..... \$ 826 \$ 679 \$ 525

State..... 106 109 138

Foreign..... 24 18 1

Total current income taxes..... 956 806 664

Deferred income taxes, net

Federal..... 165 187 (126)

State..... 9 13 (65)

Foreign..... 33 29 (1)

Total deferred income taxes, net..... 207 229 (192)

Investment tax credit amortization (c)..... (13) (15) (19)

Total income tax expense..... \$1,150(a) \$1,020 \$ 453(b)

<TABLE>

- (a) Excludes \$59 million of deferred federal and state tax benefits related to the cumulative effect of change in accounting principle recorded net of tax. (See Note 1.)
- (b) Excludes \$404 million of current federal and state tax expense related to the extraordinary item recorded net of tax. (See Note 1.)
- (c) Unamortized investment tax credit was \$189 million at December 31, 2001.

80

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

<TABLE>

<S>

<C>

<C>

<C>

Income Tax Expense Reconciliation to Statutory Rate

For the Years Ended December 31,

2001

2000

1999

In millions

Income tax, computed at the statutory rate of 35%..... \$1,100 \$ 979 \$ 455

Adjustments resulting from			
State income tax, net of federal income tax effect.	74	75	47
Favorable resolution of federal tax issues.....	(11)	(18)	(30)
Other items, net.....	(13)	(16)	(19)
	-----	-----	-----
Total income tax expense.....	\$1,150	\$1,020	\$ 453
	-----	-----	-----
Effective tax rate.....	36.6%	36.5%	34.9%

</TABLE>

<TABLE>

<S>	<C>	<C>
Net Deferred Income Tax Liability	Components	
	December 31,	

2001 2000

In millions

Deferred credits and other liabilities.....	\$ 507	\$ 429
International property, plant and equipment.....	109	153
Other.....	58	10
	-----	-----
Total deferred income tax assets.....	674	592
Valuation allowance.....	(17)	(9)
	-----	-----
Net deferred income tax assets.....	657	583
	-----	-----
Investments and other assets.....	(711)	(320)
Accelerated depreciation rates.....	(2,885)	(2,707)
Regulatory assets and deferred debits.....	(290)	(326)
Regulatory asset related to restating to pre-tax basis	(465)	(429)
	-----	-----
Total deferred income tax liability.....	(4,351)	(3,782)
	-----	-----
State deferred income tax, net of federal tax effect..	(333)	(320)
	-----	-----
Total net deferred income tax liability.....	\$(4,027)	\$(3,519)

</TABLE>

81

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

7. Derivative Instruments, Hedging Activities and Credit Risk

ake Energy, substantially through its subsidiaries, is exposed to the impact of market fluctuations in the price of natural gas, electricity and

other energy-related products marketed and purchased. Duke Energy employs established policies and procedures to manage its risks associated with these market fluctuations using various commodity derivatives, including forward contracts, futures, swaps and options for trading purposes and for activity other than trading activity (primarily hedge strategies). The following table shows the fair value of Duke Energy's derivative portfolio as of December 31, 2001.

<TABLE>

<S>

<C> <C> <C> <C> <C>

Fair Value of Contracts as of December 31, 2001

Type of Contract	Maturity				Fair Value
	Maturity in 2002	Maturity in 2003	Maturity in 2004	Total and Thereafter	

	In millions				
Trading contracts.....	\$353	\$164	\$137	\$415	\$1,069
Hedge contracts.....	454	156	71	(38)	643
	----	----	----	----	
Total.....	\$807	\$320	\$208	\$377	\$1,712

</TABLE>

Commodity Cash Flow Hedges. Some Duke Energy subsidiaries are exposed to market fluctuations in the prices of various commodities related to their ongoing power generating and natural gas gathering, processing and marketing activities. Duke Energy closely monitors the potential impacts of commodity price changes and, where appropriate, enters into contracts to protect margins for a portion of future sales and generation revenues. Duke Energy uses commodity instruments, consisting of swaps, futures, forwards and collared options, as cash flow hedges for natural gas, electricity and NGL transactions. Duke Energy is hedging exposures to the price variability of these commodities for a maximum of nine years.

The ineffective portion of commodity cash flow hedges and the amount recognized for transactions that no longer qualified as cash flow hedges were not material in 2001. As of December 31, 2001, \$323 million of after-tax deferred net gains on derivative instruments accumulated in OCI are expected to be recognized in earnings during the next 12 months as the hedged transactions occur. However, due to the volatility of the commodities markets, the corresponding value in OCI is subject to change prior to its reclassification into earnings.

Commodity Fair Value Hedges. Some Duke Energy subsidiaries are exposed to changes in the fair value of unrecognized firm commitments to sell generated power or natural gas due to market fluctuations in the underlying commodity prices. Duke Energy actively evaluates changes in the fair value of such unrecognized firm commitments due to commodity price changes and, where appropriate, uses various instruments to hedge its market risk. These commodity instruments, consisting of swaps, futures and forwards, serve as fair value hedges for the firm commitments associated with generated power and natural gas sales. Duke Energy is hedging exposures to the market risk of such items for a maximum of 13 years. For 2001, the ineffective portion of commodity fair value

hedges was not material.

Trading Contracts. Duke Energy provides energy supply, structured origination, trading and marketing, risk management and commercial optimization services to large energy customers, energy aggregators and other wholesale companies. These services require Duke Energy to use natural gas, electricity, NGL and transportation derivatives and contracts that expose it to a variety of market risks. Duke Energy manages its trading exposure

82

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

with strict policies that limit its market risk and require daily reporting of potential financial exposure to management. These policies include statistical risk tolerance limits using historical price movements to calculate a daily earnings at risk measurement.

Interest Rate (Fair Value or Cash Flow) Hedges. Changes in interest rates expose Duke Energy to risk as a result of its issuance of variable-rate debt, fixed-to-floating interest rate swaps, commercial paper and auction market preferred stock. Duke Energy manages its interest rate exposure by limiting its variable-rate and fixed-rate exposures to certain percentages of total capitalization, as set by policy, and by monitoring the effects of market changes in interest rates. Duke Energy also enters into financial derivative instruments, including, but not limited to, interest rate swaps, options, swaptions and lock agreements to manage and mitigate interest rate risk exposure. Duke Energy's existing interest rate derivative instruments and related ineffectiveness were not material to its consolidated results of operations, cash flows or financial position in 2001.

<TABLE>

<S> <C> <C> <C> <C> <C> <C>

Interest Rate Derivatives

December 31,

2001	2000

Notional Fair	Contracts	Notional Fair	Contracts
Amounts	Value	Amounts	Value
Expire		Expire	

Dollars in millions

Fixed-to-floating rate swaps.....	\$875	\$20	2003-2019	\$275	\$27	2009
Cancelable fixed-to-floating rate swaps	455	7	2014-2025	630	20	2004-2022
CP(a) floating-to-fixed rate swaps.....	--	--	--	100	(1)	2001
Interest rate locks.....	--	--	--	275	(9)	2011

</TABLE>

Commercial paper

Gains and losses deferred in anticipation of planned financing transactions on interest rate swap derivatives are included in OCI and amortized over the life of the underlying debt once issued. These deferred gains and losses were not material in 2001 or 2000. As a result of the interest rate swap contracts, interest expense for the relative notional amount is recognized at the weighted-average rates as depicted in the following table.

<TABLE>

<S>

<C> <C> <C>

Weighted-Average Rates for Interest Rate Swaps
For the Years Ended
December 31,

2001 2000 1999

Fixed-to-floating rate swaps.....	3.92%	6.50%	5.71%
Cancelable fixed-to-floating rate swaps.....	3.23%	5.09%	--
Commercial paper swaps.....	--	6.11%	4.95%

</TABLE>

Foreign Currency (Fair Value or Cash Flow) Hedges. Duke Energy is exposed to foreign currency risk from investments in international affiliates and businesses owned and operated in foreign countries. To mitigate risks associated with foreign currency fluctuations, when possible, transactions are denominated in or indexed to the U.S. dollar and/or local inflation rates, or investments may be hedged through debt denominated or issued in the foreign currency. Duke Energy also uses foreign currency derivatives, where possible, to manage its risk related to foreign currency fluctuations. In 2001, the impact of Duke Energy's foreign currency derivative instruments was not material to its consolidated results of operations, cash flows or financial position.

83

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Financial Instruments. The fair value of financial instruments not currently carried at market value is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined as of December 31, 2001 and 2000, are not necessarily indicative of the amounts Duke Energy could have realized in current markets.

<TABLE>

<S>

<C> <C> <C> <C>

Financial Instruments

2001 2000

Book Approximate Book Approximate

Value Fair Value Value Fair Value

In millions					
Long-term debt (a).....	\$12,582	\$13,239	\$11,154	\$11,896	
Guaranteed preferred beneficial interests in subordinated					
notes of Duke Energy or subsidiaries.....	1,407	1,440	1,406	1,389	
Preferred stock (a).....	247	242	280	275	

<TABLE>

(a) Includes current maturities

The fair value of cash and cash equivalents, notes receivable, notes payable and commercial paper are not materially different from their carrying amounts because of the short-term nature of these instruments or because the stated rates approximate market rates.

Credit Risk. Duke Energy's principal customers for power and natural gas marketing services are industrial end-users and utilities located throughout the U.S., Canada, Asia Pacific, Europe and Latin America. Duke Energy has concentrations of receivables from natural gas and electric utilities and their affiliates, as well as industrial customers throughout these regions. These concentrations of customers may affect Duke Energy's overall credit risk in that certain customers may be similarly affected by changes in economic, regulatory or other factors. Where exposed to credit risk, Duke Energy analyzes the counterparties' financial condition prior to entering into an agreement, establishes credit limits and monitors the appropriateness of those limits on an ongoing basis. Duke Energy frequently uses master collateral agreements to mitigate credit exposure. The collateral agreement provides for a counterparty to post cash or letters of credit for exposure in excess of the established threshold. The threshold amount represents an open credit limit, determined in accordance with the corporate credit policy. The collateral agreement also provides that the inability to post collateral is sufficient cause to terminate a contract and liquidate all positions.

The change in market value of New York Mercantile Exchange-traded futures and options contracts requires daily cash settlement in margin accounts with brokers. Financial derivatives are generally cash settled periodically throughout the contract term. However, these transactions are also generally subject to margin agreements with many of Duke Energy's counterparties.

As of December 31, 2001, Duke Energy had a pre-tax bad debt provision of \$90 million related to receivables for energy sales in California. (See Note 15 for further information regarding market and credit exposure.) Following the bankruptcy of Enron Corporation, Duke Energy terminated substantially all contracts with Enron Corporation and its affiliated companies (collectively, Enron). As a result, Duke Energy recorded, as a charge, a non-collateralized accounting exposure of \$43 million. The \$43 million non-collateralized accounting exposure is comprised of charges of \$36 million at NAWE, \$3 million at International Energy, \$3 million at Field Services and \$1 million at Natural Gas Transmission. These amounts are stated on a pre-tax basis as charges against the reporting segment's earnings.

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

The transactions between Enron and Duke Energy consisted of the following:

- . NAWE--forward contracts, swaps, options and physical contracts used to trade natural gas, power, crude oil, liquefied petroleum gas and coal
- . International Energy--forward contracts and options used to trade and hedge natural gas, power and oil
- . Field Services--physical purchase/sale contracts for natural gas and NGLs; forward contracts, swaps and options used to trade natural gas and NGLs; transportation and storage
- . Natural Gas Transmission--forward financial sales of NGLs

The \$43 million charge was a direct reduction to earnings before income taxes and was a result of charging the full amount of unsettled mark-to-market earnings previously recognized, and all derivative assets and accounts receivable that became impaired due to Enron's financial deterioration. All assets written off or reserved for were net of the margin (cash collateral) posted by Enron of \$330 million and applied by Duke Energy in connection with transactions between the companies.

Duke Energy's determination of its bankruptcy claims against Enron is still under review, and its claims made in the bankruptcy case are likely to exceed \$43 million. Any bankruptcy claims that exceed this amount would primarily relate to termination and settlement rights under contracts and transactions with Enron that would have been recognized in future periods, and not in the historical periods covered by the financial statements to which the \$43 million charge relates.

Substantially all contracts with Enron were completed or terminated prior to December 31, 2001. Duke Energy has continuing contractual relationships with certain Enron affiliates, which are not in bankruptcy. In Brazil, a power purchase agreement between a Duke Energy affiliate, Paranapanema, and Elektro Eletricidade e Servicos S/A (Elektro), a distribution company 40% owned by Enron, will expire December 31, 2005. The contract was executed by Duke Energy's predecessor in interest in Paranapanema, and obligates Paranapanema to provide energy to Elektro on an irrevocable basis for the contract period. In addition, a purchase/sale agreement expiring September 1, 2005 between a Duke Energy affiliate and Citrus Trading Corporation (Citrus), a 50/50 joint venture between Enron and El Paso Corporation, continues to be in effect. The contract requires the Duke Energy affiliate to provide liquefied natural gas to Citrus. Citrus has provided a letter of credit in favor of Duke Energy to cover its exposure.

Investment in Affiliates and Related Party Transactions

Investments in domestic and international affiliates that are not controlled by Duke Energy, but over which it has significant influence, are accounted for by the equity method. These investments include undistributed earnings of \$166 million in 2001 and \$70 million in 2000. Duke Energy received distributions of \$13 million in 2001, \$138 million in 2000 and \$111 million in 1999 from these investments. Duke Energy's share of net income from these affiliates is reflected in the Consolidated Statements of Income as Other Operating Revenues.

Natural Gas Transmission. Investments primarily include a 37.5% interest in the Maritimes & Northeast Pipeline and a 50% interest in Gulfstream Natural Gas System, LLC. The Maritimes & Northeast Pipeline is composed of Canadian and U.S. natural gas pipeline joint ventures that together transport natural gas into the U.S. from Canada. Gulfstream Natural Gas System, LLC is a joint interstate natural gas pipeline development that will extend from Mississippi and Alabama across the Gulf of Mexico to Florida.

85

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Field Services. Investments primarily include a 21.1% ownership interest in TEPPCO Partners, LP, a publicly traded limited partnership which owns and operates a network of pipelines for refined products and crude oil.

North American Wholesale Energy. Significant investments include a 50% interest in American Ref-Fuel Company, LLC and a 50% interest in Southwest Power Partners, LLC. American Ref-Fuel Company, LLC owns and operates facilities that convert waste to energy. Southwest Power Partners, LLC is a gas-fired combined-cycle facility under construction in Arizona. Once completed, this facility will serve markets in Arizona, Nevada and California.

International Energy. Significant investments include a 25% indirect interest in National Methanol Company, which owns and operates a methanol and MTBE (methyl tertiary butyl ether) business in Jubail, Saudi Arabia.

Other Energy Services. Investments include participation in various construction and support activities for fossil-fueled generating plants.

Duke Ventures. Significant investments include various real estate development projects.

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investment in Affiliates									
	December 31, 2001		December 31, 2000			December 31, 1999			
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
	In millions								

Natural Gas Transmission	\$ 565	\$ 88	\$ 653	\$ 82	\$ 88	\$ 170	\$ 67	\$ 83	\$ 150
Field Services	252	--	252	373	--	373	439	--	439
North American Wholesale Energy	315	--	315	635	9	644	425	--	425
International Energy	--	165	165	--	154	154	--	224	224
Other Energy Services	53	7	60	11	7	18	51	6	57
Duke Ventures	30	--	30	23	--	23	10	--	10
Other Operations	5	--	5	5	--	5	--	--	--
Total	\$1,220	\$260	\$1,480	\$1,129	\$258	\$1,387	\$992	\$313	\$1,305

</TABLE>

<TABLE>

<CAPTION>

Equity in Earnings of Investment

For the years ended

	December 31, 2001			December 31, 2000			December 31, 1999		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
In millions									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Natural Gas Transmission	\$ 38	\$ 7	\$ 45	\$ 13	\$ 4	\$ 17	\$ 16	\$ 9	\$ 25
Field Services	45	--	45	39	--	39	44	--	44
North American Wholesale Energy	35	--	35	36	--	36	47	--	47
International Energy	--	39	39	--	43	43	--	10	10
Other Energy Services	49	--	49	(13)	--	(13)	10	3	13
Duke Ventures	2	--	2	(9)	--	(9)	(22)	--	(22)
Other Operations	(47)	--	(47)	(10)	--	(10)	(5)	--	(5)
Total	\$122	\$46	\$168	\$ 56	\$47	\$103	\$ 90	\$22	\$112

</TABLE>

86

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Summarized Combined Financial Information of Unconsolidated Affiliates

<TABLE>

<CAPTION>

	December 31,		
	2001	2000	1999
In millions			
<S>	<C>	<C>	<C>

Balance Sheet

Current assets.....	\$1,239	\$1,242	\$1,544
Noncurrent assets.....	8,199	6,588	7,826
Current liabilities....	1,202	888	1,155
Noncurrent liabilities.	4,400	4,404	4,727

Net assets.....	\$3,836	\$2,538	\$3,488

Income Statement

Operating revenues.....	\$5,202	\$4,617	\$3,510
Operating expenses.....	4,525	4,039	3,104
Net income.....	499	440	193

</TABLE>

Related Party Transactions. Outstanding notes receivable from affiliates were \$25 million as of December 31, 2001 and \$70 million as of December 31, 2000.

Duke Energy and Fluor Enterprises, Inc. formed the D/FD 50/50 partnership in 1989. The partnership provides full-service siting, permitting, licensing, engineering, procurement, construction, start-up, operating and maintenance services for fossil-fired plants in the U.S. and internationally. D/FD is the primary builder for NAWE's merchant generation plants currently under construction. Fifty percent of the profit earned by D/FD for the construction of NAWE's merchant generation plants, which is associated with Duke Energy's ownership, is deferred in consolidation until the plant is sold as part of NAWE's portfolio management strategy, or once the plant becomes operational it is amortized over the plant's useful life. Fifty percent of the profit earned by D/FD for operating and maintenance services, which is associated with Duke Energy's ownership, is eliminated in consolidation. For the year ended December 31, 2001, Duke Energy deferred profit of \$54 million for D/FD construction contracts, and eliminated profit of \$9 million for operating and maintenance services. For the year ended December 31, 2000, Duke Energy deferred profit of \$16 million for construction contracts. There was no profit from operating and maintenance services to be eliminated in 2000. For the year ended December 31, 1999, Duke Energy deferred profit of \$6 million for construction contracts. There was no profit from operating and maintenance services to be eliminated in 1999. In addition, as part of the D/FD partnership agreement, excess cash is loaned at current market rates to Duke Energy and Fluor Enterprises, Inc. (See Note 10.)

In the normal course of business, Duke Energy's consolidated subsidiaries enter into energy trading contracts with one another. On a stand-alone basis, the accounting for such contracts may differ by counterparty. For example, DETM, an energy-trading subsidiary within the scope of EITF Issue No. 98-10, "Accounting for Energy Trading and Risk Management Activities," may enter into a contract to purchase natural gas storage from DEFS. DEFS may treat this contract as a hedge position, and DETM may mark to market the contract through its current earnings. In the consolidation process, the effects of this contract are eliminated, and not reflected in Duke Energy's Consolidated Financial Statements. In all cases, energy trading contracts (and any resulting mark-to-market gains or losses) between consolidated subsidiaries are eliminated in the consolidation process.

Also see Note 13, Minority Interest Financing, for additional related party information.

87

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

9. Property, Plant and Equipment

<TABLE>

<S> Net Property, Plant and Equipment	<C> <C>	
	December 31,	
	2001	2000
	In millions	
Land.....	\$ 49	\$ 36
Plant		
Electric generation, distribution and transmission.....	19,792	18,669
Natural gas transmission.....	6,200	5,449
Gathering and processing facilities.....	4,106	4,470
Other buildings and improvements.....	1,346	1,339
Leasehold improvements.....	4	14
Nuclear fuel.....	788	761
Equipment.....	251	108
Vehicles.....	69	36
Construction in process.....	5,068	2,192
Other.....	1,791	1,524
Total property, plant and equipment.....	39,464	34,598
Total accumulated depreciation (a).....	(11,049)	(10,146)
Total net property, plant and equipment.....	\$28,415	\$24,452

</TABLE>

(a) Includes accumulated amortization of nuclear fuel: 2001--\$546 million; 2000--\$503 million

Capitalized interest of \$167 million for 2001, \$67 million for 2000 and \$52 million for 1999 is included in the Consolidated Statements of Income.

10. Debt and Credit Facilities

<TABLE>

<C> <C> <C>		
December 31,		

Year Due 2001 2000

In millions

Duke Energy

First and refunding mortgage bonds

6.125%--6.625%.....	2003	\$ 175	\$ 175
6.75%--7.5%.....	2023--2025	450	450
7.0%--8.95%.....	2027--2033	165	165
Pollution control debt, 3.85%--5.8%.....	2012--2017	172	172

Notes

5.375%--9.21%.....	2009--2016	809	811
6.0%--6.6%.....	2028--2038	500	500
Commercial paper, 1.93% and 6.52% weighted-average rate at December 31, 2001 and 2000, respectively (a).....		1,087	1,256
Other debt.....	19	18	
Fair value hedge carrying value adjustment.....	2010--2014	(10)	--
Notes matured during 2001.....	--	661	

</TABLE>

(Table continued on next page)

88

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

<TABLE>

<S>

<C> <C> <C>

Debt (continued)

December 31,

Year Due 2001 2000

In millions

Duke Capital Corporation(b)

Senior notes

4.73%--7.5%.....	2003--2009	\$1,400	\$1,400
6.75%--8.5%.....	2018--2019	650	650
4.32%(c).....	2006	750	--
5.87%(c).....	2006	875	--
Commercial paper, 2.16% and 6.71% weighted-average rate at December 31, 2001 and 2000, respectively (a).....		1,456	1,378
Note payable to D/FD, 4.05% and 6.14% weighted-average rate at December 31, 2001 and 2000, respectively.....		568	141
Fair value hedge carrying value adjustment.....	2009--2025	30	--

Subsidiary Debt Guaranteed by Duke Capital Corporation

Duke Energy Australia Pty Ltd.

Medium-term note, 7.25% (d).....	2004	128	139
Credit facilities, 6.41% and 6.13% weighted-average rate at			

December 31, 2001 and 2000, respectively.....	38	44
Commercial paper, 5.96% and 6.4% weighted-average rate at December 31, 2001 and 2000, respectively (d).....	231	223
Elctrica Cerros Colorados S.A. Notes, 3.8%.....	2002	68 95
Duke Energy South Bay, LLC Capital leases.....	2009	94 272
PanEnergy Corp		
Bonds		
7.75%.....	2022	328 328
8.625% debentures.....	2025	100 100
Notes, 7.0%--9.9%, maturing serially.....	2003--2006	372 384
Fair value hedge carrying value adjustment.....	7	--
Texas Eastern Transmission, LP		
Notes		
7.3%--8.25%.....	2002--2010	500 500
Medium-term, Series A, 7.92%--9.07%.....	2004--2012	35 51
Notes matured during 2001.....	--	100
Algonquin Gas Transmission Company		
Notes, 9.13%.....	2002--2003	67 100
Duke Energy Field Services, LLC		
Notes		
7.5%--8.125%.....	2005--2030	1,700 1,700
7.75%--6.875%.....	2006--2011	550 --
Commercial paper, 2.53% and 7.39% weighted-average rate at December 31, 2001 and 2000, respectively.....	213	346
Capital leases.....	3	--
Fair value hedge carrying value adjustment.....	2009--2025	(5) --
Crescent, LLC (e)		
Construction and mortgage loans, 2.73%--10.0%.....	2002--2005	73 67

</TABLE>

(Table continued on next page)

89

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

<TABLE>

<S>

<C>

<C>

<C>

Debt (continued)

December 31,

Year Due 2001 2000

In millions

Other Debt of Subsidiaries

Duke Energy Western Australia Holdings			
Notes, 5.35% (d).....	2004--2013	\$ 124	\$ 138
Iranapanema			
Notes, 6.0%--10.0% (f).....	2002--2017	427	477
Duke Energy Vermillion			
Notes, 6.8%.....	2002	5	--
Other international debt of subsidiaries.....		76	127
Other domestic debt of subsidiaries.....		61	103
Unamortized debt discount and premium, net...		(106)	(91)

Total debt.....		14,185	12,980
Current maturities of long-term debt.....		(261)	(437)
Short-term notes payable and commercial paper		(1,603)	(1,826)

Total long-term debt.....		\$12,321	\$10,717

</TABLE>

-
- (a) Amounts include extendible commercial notes.
 - (b) Duke Capital Corporation is a wholly owned subsidiary of Duke Energy that provides financing and credit enhancement services for its subsidiaries.
 - (c) Component of Equity Units (See Note 16.)
 - (d) Debt denominated in Australian dollars
 - (e) A portion of Crescent's real estate development projects, land and buildings are pledged as collateral.
- Debt denominated in Brazilian reais and principal is indexed annually to inflation

In January 2002, Duke Energy issued \$750 million of 6.25% senior unsecured bonds due in 2012 and \$250 million of floating rate (based on the three-month London Interbank Offered Rate (LIBOR) plus 0.35%) senior unsecured bonds due in 2005. The proceeds from these issuances were used to manage working capital needs.

In February 2002, Duke Capital Corporation issued \$500 million of 6.25% senior unsecured bonds due in 2013 and \$250 million of 6.75% senior unsecured bonds due in 2032. In addition, Duke Capital Corporation, through a private placement transaction, issued \$500 million of floating rate (based on the one-month LIBOR plus 0.65%) senior unsecured bonds due in 2003.

The weighted-average interest rate on outstanding short-term notes payable and commercial paper was 3.13% as of December 31, 2001 and 6.8% as of December 31, 2000.

<TABLE>

<CAPTION>

In millions	
Annual Maturities	-----
<S>	<C>
2002.....	\$ 261
2003.....	576
2004.....	883

2005.....	1,016
2006.....	2,101
Thereafter.....	7,745
Total long-term debt	\$12,582

</TABLE>

90

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Annual maturities after 2006 include \$1,360 million of long-term debt with call options, meaning Duke Energy has the option to repay the debt early. Based on the years in which Duke Energy may first exercise its redemption options, it could potentially repay \$1,033 million in 2002, \$227 million in 2003 and \$100 million in 2005.

In 2000, Duke Energy issued \$250 million 7.125% senior unsecured bonds due in 2012 with a put option that gives investors the choice to put the bond to Duke Energy at par value in September 2002 or extend the maturity until 2012. If extended, the bonds would be recouped at 5.7% plus the Duke Energy 10-year credit spread on the extension date. Also in 2000, Duke Capital Corporation issued \$150 million senior unsecured bonds due in 2003 that become due and payable if Duke Capital Corporation's debt ratings fall below BBB.

Credit Facilities

<TABLE>

<CAPTION>

	December 31, 2001		December 31, 2000	
	Credit Facilities Outstanding	Credit Facilities Outstanding		
	In millions			
<S>	<C>	<C>	<C>	<C>
Bridge facility.....	\$ 250	\$ --	\$ --	\$ --
364-day facilities (a).....	2,716	--	1,796	--
Three-year revolving facilities (a)	1,640	38	84	44
Four-year revolving facilities.....	--	--	125	--
Five-year revolving facilities (a).	--	--	2,200	--
	-----	-----	-----	-----
Total consolidated.....	\$4,606	\$ 38	\$4,205	\$ 44

</TABLE>

(a) Majority of facilities support commercial paper facilities

The credit facilities expire from 2002 to 2004 and are not subject to minimum cash requirements; however, borrowings and issuances of letters of credit under approximately \$1,100 million of these facilities are subject to dependent on the senior unsecured debt ratings of Duke Capital Corporation (currently rated A3/A/A). Ratings of Baa2, BBB or the equivalent by at least two of Moody's Investors Service, Standard & Poor's and Fitch, Inc. must be maintained to obtain additional borrowings and issuances of letters of credit. Any outstanding borrowings would not become due and payable.

11. Nuclear Decommissioning Costs

Nuclear Decommissioning Costs. Estimated site-specific nuclear decommissioning costs, including the cost of decommissioning plant components not subject to radioactive contamination, total approximately \$1.9 billion stated in 1999 dollars based on decommissioning studies completed in 1999 (studies are completed every five years). This includes costs related to Duke Energy's 12.5% ownership in the Catawba Nuclear Station. The other joint owners of the Catawba Nuclear Station are responsible for decommissioning costs related to their ownership interests in the station. Both the NCUC and the PSCSC have allowed Duke Energy to recover estimated decommissioning costs through retail rates over the expected remaining service periods of Duke Energy's nuclear stations. The operating licenses for Duke Energy's nuclear units are subject to extension. In 2000, Duke Energy was granted a license renewal for the Oconee Nuclear Station. Applications to renew the operating licenses for Duke Energy's other nuclear units were filed with the Nuclear Regulatory Commission (NRC) in June 2001. Duke Energy's nuclear units are currently licensed as shown in the following table.

91

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Operating Licenses for Nuclear Units

<TABLE>

<CAPTION>

Unit	Year
----	----
<S>	<C>
McGuire 1.....	2021
McGuire 2.....	2023
Catawba 1.....	2024
Catawba 2.....	2026
Oconee 1 and 2	2033
Oconee 3.....	2034

</TABLE>

During 2001 and 2000, Duke Energy expensed approximately \$57 million, and a corresponding amount of cash was contributed to external funds for

decommissioning costs, and accrued an additional \$8 million to the internal reserve. Nuclear units are depreciated at an annual rate of 4.7%, of which 1% is for decommissioning. The balance of the external funds was \$716 million as of December 31, 2001 and \$717 million as of December 31, 2000, and is reflected in the Consolidated Balance Sheets as Nuclear Decommissioning Trust Funds (asset) and Nuclear Decommissioning Costs Externally Funded (liability). The balance of the internal reserve was \$239 million as of December 31, 2001 and \$231 million as of December 31, 2000, and is reflected in the Consolidated Balance Sheets as Accumulated Depreciation and Amortization. The external decommissioning trust fund is invested primarily in domestic and international equity securities, fixed-rate, fixed-income securities and cash and cash equivalents. Duke Energy has an agreement with the NRC that these funds will only be used for activities relating to nuclear decommissioning. These investments are exposed to price fluctuations in equity markets and changes in interest rates. Because the accounting for nuclear decommissioning recognizes that costs are recovered through Franchised Electric's rates, fluctuations in equity prices or interest rates do not affect consolidated results of operations, cash flows or financial position. Management believes that the decommissioning costs being recovered through rates, when coupled with expected fund earnings, are sufficient to provide for the cost of decommissioning.

A provision in the Energy Policy Act of 1992 established a fund for the decontamination and decommissioning of the DOE's uranium enrichment plants (the D&D Fund). Licensees are subject to an annual assessment for 15 years based on their pro rata share of past enrichment services. In 1998, Duke Energy and 21 other utilities filed a lawsuit challenging the constitutionality of the D&D Fund and seeking an injunction that prohibits the government from collecting assessment and refunds all assessments paid. The annual assessment is recorded in the Consolidated Statements of Income as Fuel Used in Electric Generation. Duke Energy has paid \$96 million into the fund, including \$11 million during 2001. The remaining liability and regulatory assets of \$53 million as of December 31, 2001 and \$62 million as of December 31, 2000 are reflected in the Consolidated Balance Sheets as Deferred Credits and Other Liabilities, and Regulatory Assets and Deferred Debits.

Spent Nuclear Fuel. Under provisions of the Nuclear Waste Policy Act of 1982, Duke Energy has entered into contracts with the DOE for the disposal of spent nuclear fuel. The DOE failed to begin accepting spent nuclear fuel on January 31, 1998, the date specified by the Nuclear Waste Policy Act and in Duke Energy's contract with the DOE. In 1998, Duke Energy filed a claim with the U.S. Court of Federal Claims against the DOE related to the DOE's failure to accept commercial spent nuclear fuel by the required date. Damages claimed in the lawsuit are based upon Duke Energy's costs incurred as a result of the DOE's partial material breach of its contract, including the cost of securing additional spent fuel storage capacity. Duke Energy will continue to safely manage its spent nuclear fuel until the DOE accepts it. Payments made to the DOE for disposal costs are based on nuclear output and are included in the Consolidated Statements of Income as Fuel Used in Electric Generation.

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

12. Guaranteed Preferred Beneficial Interests in Subordinated Notes of Duke Energy or Subsidiaries

Duke Energy and one of its subsidiaries have formed business trusts for which they own all the common securities. The trusts issue and sell preferred securities and invest the gross proceeds in junior subordinated notes issued by the respective parent companies.

Trust Preferred Securities

<TABLE>

<CAPTION>

December 31,				
Issued	Rate	Due	2001	2000

In millions				
<S>	<C>	<C>	<C>	<C>
1997.....	7.20%	2037	\$ 350	\$ 350
1998.....	7.375%	2038	350	350
1998.....	7.375%	2038	250	250
1999.....	8.375%	2029	250	250
1999.....	7.20%	2039	250	250
Unamortized debt discount			(43)	(44)
			<u>\$1,407</u>	<u>\$1,406</u>

</TABLE>

These trust preferred securities represent preferred undivided beneficial interests in the assets of the respective trusts. Distribution payments on these preferred securities are guaranteed by the respective parent companies, but only to the extent that the trusts have funds legally and immediately available to make distributions. Dividends related to the trust preferred securities were \$108 million for 2001, \$108 million for 2000 and \$87 million for 1999, and have been included in the Consolidated Statements of Income as Minority Interest Expense.

13. Minority Interest Financing

In 2000, Catawba River Associates, LLC (Catawba), a fully consolidated financing entity managed by a subsidiary of Duke Energy, issued \$1,025 million of preferred member interests to a third-party investor. Catawba subsequently advanced the proceeds from the sale to DE Power Generation, LLC (DEPG), a wholly owned subsidiary of Duke Energy, which indirectly owns or leases six merchant power generation facilities located in California, Maine and Indiana. Catawba is a limited liability company with a separate existence and identity from its preferred members, and the assets of Catawba are separate and legally distinct from Duke Energy. The preferred member interests receive quarterly a preferred return equal to an adjusted floating reference rate (approximately

5.20% for the full year ended December 31, 2001).

The purpose of the transaction was to reimburse Duke Energy for a portion of prior investment in the DEPG assets in a separate venture financing with 1-party investors not requiring direct recourse to the credit of Duke Energy. The results of operations, cash flows and financial position of Catawba are consolidated with Duke Energy for financial reporting purposes. The preferred member interests are included in Minority Interest in Financing Subsidiary on the Consolidated Balance Sheets, and the payments made with respect to the preferred return are included in Minority Interest Expense on the Consolidated Statements of Income of Duke Energy.

The initial term of the financing ends in September 2005, at which time Catawba must either (a) reset the preferred rate as agreed by the existing preferred investors, (b) re-market the preferred member interests to other preferred investors, (c) redeem the outstanding preferred member interests, in whole or in part, plus any accrued and unpaid return, or (d) commence an orderly liquidation of DEPG and Catawba. This could impact Duke

93

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Duke Energy's liquidity at the time if it were to elect to redeem the preferred member interests or, alternatively, result in the loss of the future associated earnings contribution to Duke Energy of the assets of DEPG in the event of an orderly liquidation.

Duke Energy and Catawba have the right to redeem the preferred member interests at any time, and the holder of the preferred member interests may require an early liquidation of the assets of DEPG and Catawba and a redemption of the preferred member interests from the available liquidation proceeds upon the occurrence of specified events (such as failure to make required payments or to perform other obligations).

Duke Capital Corporation has the right to borrow certain amounts from DEPG and Catawba as demand loans. If Duke Capital Corporation's credit rating (currently A3/A) declines below investment grade (Baa3/BBB-), the preferred members may and will likely require that these loans be repaid. In addition, if there were such a downgrade, the preferred investor could cause an increase in the quarterly payments and a recharacterization of the preferred member interests as a debt obligation on the Consolidated Financial Statements of Duke Energy.

14. Preferred and Preference Stock

Authorized Shares of Stock as of December 31, 2001 and 2000

<TABLE>
<CAPTION>

Par Value Shares

	In millions	
<S>	<C>	<C>
Preferred Stock..	\$100	12.5
Preferred Stock A	\$ 25	10.0
Preference Stock.	\$100	1.5

</TABLE>

As of December 31, 2001 and 2000, there were no shares of preference stock outstanding.

Preferred Stock with Sinking Fund Requirements

<TABLE>

<CAPTION>

Rate/Series	December 31, Share Outstanding			
	Year Issued at	December 31, 2001	2001	2000
	Dollars in millions			
<S>	<C>	<C>	<C>	<C>
6.20% D (Preferred Stock A)	1992	--	\$ --	\$20
6.30% U.....	1992	--	--	13
6.40% V.....	1992	130,000	13	13
6.75% X.....	1993	250,000	25	25
al.....		\$ 38	\$71	

</TABLE>

The annual sinking fund requirements are \$13 million for 2002 and \$2 million each year for 2003 through 2006. Additional redemptions are permitted at Duke Energy's option.

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Preferred Stock without Sinking Fund Requirements

<TABLE>

<CAPTION>

Rate/Series	December 31, Shares Outstanding			
	Year Issued at	December 31, 2001	2001	2000
	Dollars in millions			
<S>	<C>	<C>	<C>	<C>

4.50% C.....	1964	175,000	\$ 18	\$ 18
7.85% S.....	1992	300,000	30	30
9.00% W.....	1993	249,989	25	25
4% Y.....	1993	299,995	30	30
5% (Preferred Stock A)	1993	1,257,185	31	31
Auction Series A.....	1990	750,000	75	75
Total.....			<u>\$209</u>	<u>\$209</u>

</TABLE>

The call provisions for outstanding preferred stock specify redemption prices not exceeding 104% of par value, plus accumulated dividends to the redemption date.

15. Commitments and Contingencies

Nuclear Insurance. Duke Energy owns and operates the McGuire and Oconee Nuclear Stations and operates and has a partial ownership interest in the Catawba Nuclear Station. The McGuire and Catawba Nuclear Stations have two nuclear reactors each and Oconee has three. Nuclear insurance includes: liability coverage; property, decontamination and decommissioning coverage; and business interruption and/or extra expense coverage. The other joint owners of the Catawba Nuclear Station reimburse Duke Energy for certain expenses associated with nuclear insurance premiums.

The Price-Anderson Act requires Duke Energy to insure against public liability claims resulting from nuclear incidents to the full limit of liability, approximately \$9.5 billion.

Primary Liability Insurance. Duke Energy has purchased the maximum required private primary liability insurance, \$200 million, along with a like amount to cover certain worker tort claims.

Excess Liability Insurance. This policy currently provides approximately \$9.3 billion of coverage through the Price-Anderson Act's mandatory industry-wide excess secondary insurance program of risk pooling. The \$9.3 billion is the sum of the current potential cumulative retrospective premium assessments of \$88 million per licensed commercial nuclear reactor. This would be increased by \$88 million for each additional commercial nuclear reactor licensed, or reduced by \$88 million for nuclear reactors no longer operational and may be exempted from the risk pooling insurance program. Under this program, licensees could be assessed retrospective premiums to compensate for damages in the event of a nuclear incident at any licensed facility in the U.S. If such an incident should occur and public liability damages exceed primary insurances, licensees may be assessed up to \$88 million for each of their licensed reactors, payable at a rate not to exceed \$10 million a year per licensed reactor for each incident. The \$88 million is subject to indexing for inflation and may be subject to state premium taxes.

Duke Energy is a member of Nuclear Electric Insurance Limited (NEIL), which provides property and business interruption insurance coverage for Duke Energy's nuclear facilities under three policy programs:

Primary Property Insurance. This policy provides \$500 million of primary property damage coverage for each of Duke Energy's nuclear facilities.

95

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Excess Property Insurance. This policy provides excess property, decontamination and decommissioning liability insurance: \$2.25 billion for the Catawba Nuclear Station and \$1.5 billion each for the Oconee and McGuire Nuclear Stations.

Business Interruption Insurance. This policy provides business interruption and/or extra expense coverage resulting from an accidental outage of a nuclear unit. Each McGuire and Catawba unit is insured for up to approximately \$4 million per week, and the Oconee units are insured for up to approximately \$3 million per week. Coverage amounts decline if more than one unit is involved in an accidental outage. Initial coverage begins after a 12-week deductible period and continues at 100% for 52 weeks and 80% for the next 110 weeks.

If NEIL's losses exceed its reserves for any of the above three programs, Duke Energy is liable for assessments of up to 10 times its annual premiums. The current potential maximum assessments are: Primary Property Insurance--\$31 million, Excess Property Insurance--\$36 million and Business Interruption Insurance--\$29 million.

The other joint owners of the Catawba Nuclear Station are obligated to assume their pro rata share of liability for retrospective premiums and other premium assessments resulting from the Price-Anderson Act's excess secondary insurance program of risk pooling, or the NEIL policies.

Environmental. Duke Energy is subject to international, federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters.

Manufactured Gas Plants and Superfund Sites. Duke Energy operated manufactured gas plants until the early 1950s and has entered into a cooperative effort with the State of North Carolina and other owners of former manufactured gas plant sites to investigate and, where necessary, remediate those contaminated sites. Regulators consider Duke Energy to be a potentially responsible party, possibly subject to future liability at six federal and two state Superfund sites. While remediation costs may be substantial, Duke Energy will share in any liability associated with contamination at these sites with other potentially responsible parties. Management believes that resolution of these matters will have no material adverse effect on consolidated results of operations, cash flows or financial position.

PCB (Polychlorinated Biphenyl) Assessment and Cleanup Programs. In 2001, Texas Eastern Transmission, LP, a wholly owned subsidiary of Duke Energy,

completed the remaining requirements of a 1989 U.S. Consent Decree regarding the cleanup of PCB-contaminated sites. The Environmental Protection Agency (EPA) certified the completion of all work under the Consent Decree in January 2002. Monitoring of groundwater and remediation at certain sites may continue as required by various state authorities.

In March 1999, Duke Energy sold PEPL and Trunkline to CMS. (See Note 1 for more information on the sale of the pipelines.) Under the terms of the sales agreement with CMS, Duke Energy is obligated to complete cleanup of previously identified contamination resulting from the past use of PCB-containing lubricants and other discontinued practices at certain sites on the PEPL and Trunkline systems.

Based on Duke Energy's experience to date and costs incurred for cleanup, management believes the resolution of matters relating to the environmental issues discussed above will have no material adverse effect on consolidated results of operations, cash flows or financial position.

Air Quality Control. In 1998, the EPA issued a final rule on regional ozone control that required 22 eastern states and the District of Columbia to revise their State Implementation Plans (SIPs) to significantly reduce

96

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

emissions of nitrogen oxide by May 1, 2003. The EPA rule was challenged in court by various states, industry and other interests, including Duke Energy and the states of North Carolina and South Carolina. In 2000, the court upheld most aspects of the EPA rule. The same court subsequently extended the compliance deadline for implementation of emission reductions to May 31, 2004.

In 2000, the EPA finalized another ozone-related rule under Section 126 of the Clean Air Act (CAA). Section 126 of the CAA has virtually identical emission control requirements as the 1998 action, and specified a May 1, 2003 compliance date. While the emission reduction requirements of the rule have been upheld in court, the implementation date for the rule has been revised to May 2004 as a result of a legal challenge and the resulting court order.

Both North Carolina and South Carolina have revised their SIPs in response to the EPA's 1998 rule, and are awaiting EPA approval. Legislation was introduced in the North Carolina General Assembly in 2001 and passed by the state Senate that would require North Carolina electric utilities, including Duke Energy, to make significant reductions in emissions of sulfur dioxide and nitrogen oxides from coal-fired power plants over the next seven to 11 years. A provision in the proposed North Carolina legislation allows Duke Energy to recover costs of achieving the proposed emission reductions from customers through an environmental compliance expenditure-recovery factor that is separate from the electric utility's base rates. If passed into law, the final provisions could be significantly different from the proposal.

Emission control retrofits needed to comply with the new rules are large technical, design and construction projects. These projects will be managed solely to ensure the continuation of reliable electric service to Duke Energy's customers throughout the projects and upon their completion.

In 2000, the U.S. Justice Department, acting on behalf of the EPA, filed a complaint against Duke Energy in the U.S. District Court in Greensboro, North Carolina, for alleged violations of the New Source Review (NSR) provisions of the CAA. The EPA claims that 29 projects performed at 25 of Duke Energy's coal-fired units were major modifications, as defined in the CAA, and that Duke Energy violated the CAA's NSR requirements when it undertook those projects without obtaining permits and installing emission controls for sulfur dioxide, nitrogen oxide and particulate matter. The complaint asks the court to order Duke Energy to stop operating the coal-fired units identified in the complaint, install additional emission controls and pay unspecified civil penalties. This complaint is part of the EPA's NSR enforcement initiative, in which the EPA claims that utilities and others have committed widespread violations of the CAA permitting requirements for the past 25 years. The EPA has sued or issued notices of violation of investigative information requests to at least 48 other electric utilities and cooperatives.

The EPA's allegations run counter to previous EPA guidance regarding the applicability of the NSR permitting requirements. Duke Energy, along with other utilities, has routinely undertaken the type of repair, replacement and maintenance projects that the EPA now claims are illegal. Duke Energy believes that all of its electric generation units are properly permitted and have been properly maintained, and is defending itself vigorously against these alleged violations. The U.S. Vice President's National Energy Policy Development Group has ordered the EPA to review its NSR rules and has ordered the Department of Justice to review the appropriateness of the enforcement cases. The EPA review was scheduled to be completed by August 2001, but has not yet been concluded. In January 2002, the Department of Justice released a report concluding that it was not improper for the Department of Justice to initiate the enforcement cases brought on behalf of the EPA. It specifically declined to address whether the EPA's enforcement actions are wise as a matter of national energy policy. Because these matters are in a preliminary stage, management cannot estimate the effects of these matters on Duke Energy's future consolidated results of operations, cash flows or financial position. The CAA authorizes

97

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

civil penalties of up to \$27,500 per day per violation at each generating unit. Civil penalties, if ultimately imposed by the court, and the cost of any required new pollution control equipment, if the court accepts the EPA's intentions, could be substantial.

California Issues. Duke Energy, some of its subsidiaries and three current

or former executives have been named as defendants, among other corporate and individual defendants, in one or more of a total of six lawsuits brought by or behalf of electricity consumers in the State of California. The plaintiffs seek damages as a result of the defendants' alleged unlawful manipulation of California wholesale electricity markets. DENA and DETM are among 16 defendants in a class-action lawsuit (the Gordon lawsuit) filed against generators and traders of electricity in California markets. DETM was also named as one of numerous defendants in four additional lawsuits, including two class actions (the Hendricks and Pier 23 Restaurant lawsuits), filed against generators, marketers, traders and other unnamed providers of electricity in California markets. A sixth lawsuit (the Bustamante lawsuit) was brought by the Lieutenant Governor of the State of California and a State Assemblywoman, on their own behalf as citizens and on behalf of the general public, and includes Duke Energy, some of its subsidiaries and three current or former executives of Duke Energy among other corporate and individual defendants. The Gordon and Hendricks class-action lawsuits were filed in the Superior Court of the State of California, San Diego County, in November 2000. Three other lawsuits were filed in January 2001, one in Superior Court, San Diego County, and the other two in Superior Court, County of San Francisco. The Bustamante lawsuit was filed in May 2001 in Superior Court, Los Angeles County. These lawsuits generally allege that the defendants manipulated the wholesale electricity markets in violation of state laws against unfair and unlawful business practices and state antitrust laws. The plaintiffs seek aggregate damages of billions of dollars. The lawsuits seek the refund of alleged unlawfully obtained revenues for electricity sales and, in four lawsuits, an award of treble damages. These suits have been consolidated before a state court judge in San Diego. While these matters are in their earliest stages, management believes, based on its analysis of the facts and the asserted claims, that their resolution will have no material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position.

In addition to the lawsuits, several investigations and regulatory proceedings at the state and federal levels are looking into the causes of high wholesale electricity prices in the western U.S. At the federal level, numerous proceedings are before the FERC. Some parties to those proceedings have made claims for billions of dollars of refunds from sellers of wholesale electricity, including DETM. Some parties have also sought to revoke the authority of DETM and other DENA-affiliated electricity marketers to sell electricity at market-based rates. The FERC is also conducting its own wholesale pricing investigation. As a result, the FERC has ordered some sellers, including DETM, to refund, or to offset against outstanding accounts receivable, amounts billed for electricity sales in excess of a FERC-established proxy price. The proxy price represents what the FERC believes would have been the market-clearing price in a perfectly competitive market. In June 2001, DETM offset approximately \$20 million against amounts owed by the California Independent System Operator and the California Power Exchange for electricity sales during January and February 2001. This offset reduced the \$110 million reserve established in 2000 to \$90 million. Proceedings are ongoing to determine, among other issues, the amount of any refunds or offsets for periods prior to January 2001, and the method to be used to determine the proxy price in future months.

At the state level, the California Public Utilities Commission is conducting formal and informal investigations to determine if power plant operators in

California, including some Duke Energy entities, have improperly "withheld," either economically or physically, generation output from the market to manipulate market prices. In addition, the California State Senate formed a Select Committee to Investigate Price Manipulation of the Wholesale Energy Market (Select Committee). The Select Committee has served a subpoena

98

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

on Duke Energy and some of its subsidiaries seeking data concerning their California market activities. The Select Committee has heard testimony from several witnesses but no one from Duke Energy has yet been subpoenaed to testify.

The California Attorney General is also conducting an investigation to determine if any market participants engaged in illegal activity, including antitrust violations, in the course of their electricity sales into wholesale markets in the western U.S. The Attorneys General of Washington and Oregon are participating in the California Attorney General's investigation. The San Diego District Attorney is conducting a separate investigation into market activities and has issued subpoenas to DETM and a DENA subsidiary. The California Attorney General has also convened a grand jury to determine whether criminal charges could be brought against any market participants. To date, no Duke Energy employee has been called to testify before the grand jury nor have any criminal charges been filed against Duke Energy or any of its officers, directors or employees in connection with the wholesale electricity markets in the states of the western U.S.

Throughout 2001, Duke Energy conducted its business in California to supply the maximum possible electricity to meet the needs of the state, limit its exposure to non-creditworthy counterparties and manage the output limitations on its power plants imposed by applicable permits and laws. Since December 31, 2000, Duke Energy has closely managed the balance of doubtful receivables, and believes that the current pre-tax bad debt provision of \$90 million is appropriate. No additional provisions for California receivables were recorded in 2001. Management believes, based on its analysis of the facts and the asserted claims, that the resolution of these matters will have no material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position.

Litigation and Contingencies. Exxon Mobil Corporation Arbitration. In 2000, three Duke Energy subsidiaries initiated binding arbitration against three Exxon Mobil Corporation subsidiaries (the Exxon Mobil entities) concerning the parties' joint ownership of DETM and related affiliates (the Ventures). At issue is a buy-out right provision under the joint venture agreements for these entities. If there is a material business dispute between the parties, which Duke Energy alleges has occurred, the buy-out provision gives Duke Energy the right to purchase Exxon Mobil's 40% interest in DETM. Exxon Mobil does not have a similar right under the joint venture agreements and once Duke Energy

exercises the buy-out right, each party has the right to "unwind" the buy-out under certain specific circumstances. In December 2000, Duke Energy exercised its right to buy the Exxon Mobil entities' interest in the Ventures. Duke Energy claims that refusal by the Exxon Mobil entities to honor the exercise is a breach of the buy-out right provision, and seeks specific performance of the provision. Duke Energy has also made additional claims against the Exxon Mobil entities for breach of the agreements governing the Ventures.

In January 2001, the Exxon Mobil entities made counterclaims in the arbitration and, in a separate Texas state court action, alleged that Duke Energy breached its obligations to the Ventures and to the Exxon Mobil entities. In April 2001, the state court stayed its action, compelling the Exxon Mobil entities to arbitrate their claims. The Exxon Mobil entities proceeded with the arbitration of their claims and have not challenged this order in an appellate court. In early October 2001, the arbitration panel convened an evidentiary hearing regarding the buy-out right provision and Duke Energy's and Exxon Mobil's claims against each other. The panel has not yet ruled but Duke Energy expects a final decision from the panel in early 2002. Management believes that the final disposition of this action will have no material adverse effect on Duke Energy's consolidated results of operations or financial position.

99

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Duke Energy and its subsidiaries are involved in other legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding performance, contracts and other matters arising in the ordinary course of business, some of which involve substantial amounts. Management believes that the final disposition of these proceedings will have no material adverse effect on consolidated results of operations, cash flows or financial position.

Injuries and Damages Claims. Duke Energy has experienced numerous claims relating to damages for personal injuries alleged to have arisen from the exposure to or use of asbestos in connection with construction and maintenance activities conducted by Duke Energy on its electric generation plants during the 1960s and 1970s. During 1999, Duke Energy experienced a significant increase in the number of these claims. This increase, coupled with its cumulative experience in claims received, prompted Duke Energy to conduct a comprehensive review which was completed in late 1999 and to record an \$800 million accrual, to reflect the purchase of a third-party insurance policy as well as estimated amounts for future claims not recoverable under such policy. The insurance policy, combined with amounts covered by self-insurance reserves, provides for claims paid up to an aggregate of \$1.6 billion. Duke Energy currently believes the estimated claims relating to this exposure will not exceed such amount. While Duke Energy is uncertain as to the timing of when claims will be received, portions of the estimated claims may not be received

and paid for 30 or more years.

While Duke Energy has recorded an accrual related to this estimated liability, such estimates cannot be made with certainty. Factors, such as the frequency and magnitude of claims, could result in changes in the estimates of the injuries and damages liability and insurance recoveries. Such changes could result in, over time, a difference from the amount currently reflected in the financial statements. However, due to Duke Energy's insurance program relating to this liability, management believes that any changes in the estimates would not have a material adverse effect on consolidated results of operations, cash flows or financial position.

Other Commitments and Contingencies. As part of its normal business, Duke Energy is a party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These arrangements are largely entered into by Duke Capital Corporation. To varying degrees, these guarantees involve elements of performance and credit risk, which are not included on the Consolidated Balance Sheets. The possibility of Duke Energy having to honor its contingencies is largely dependent upon future operations of various subsidiaries, investees and other third parties, or the occurrence of certain future events. Duke Energy would record a reserve if events occurred that required that one be established.

In addition, Duke Energy enters into various fixed-price, non-cancelable commitments to purchase or sell power (tolling arrangements or power purchase contracts), take-or-pay arrangements, transportation or throughput agreements, other contracts that may or may not be recognized on the Consolidated Balance Sheets. Some of these arrangements may be recognized at market value on the Consolidated Balance Sheets as trading contracts or qualifying hedge positions included in Unrealized Gains or Losses on Mark-to-Market and Hedging Transactions.

Financial Guarantees. Some Duke Energy subsidiaries have guaranteed affiliates' debt agreements and have provided surety bonds and letters of credit, totaling approximately \$579 million as of December 31, 2001 and \$1.9 billion as of December 31, 2000. The decrease in these obligations is due primarily to decreasing support for margin deposits and power exchange participation.

Leases. Duke Energy leases assets in several areas of its operations. Consolidated rental expense for operating leases was \$114 million in 2001, \$90 million in 2000 and \$87 million in 1999. Future minimum rental

100

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

ments under operating leases for the years 2002 through 2006 are \$87 million, \$70 million, \$57 million, \$43 million and \$34 million, respectively.

16. Common Stock and Equity Offerings

In March 2001, Duke Energy completed an offering of 25 million shares of common stock, priced at \$38.98 per share, before underwriting discount and other offering expenses. In addition, Duke Energy completed an offering of approximately 31 million units of Equity Units, at \$25 per unit, before underwriting discount and other offering expenses. The Equity Units consist of senior notes of Duke Capital Corporation, and purchase contracts obligating the investors to purchase shares of Duke Energy's common stock in 2004. The number of shares to be issued in 2004 will be based on the price of the common stock at conversion. Also in March 2001, the underwriters exercised options granted to them to purchase an additional 3.75 million shares of common stock and four million Equity Units at the original issue prices, less underwriting discounts, to cover over-allotments made during the offerings. Total net proceeds from the offerings, approximately \$1.9 billion, were used to repay short-term debt and for other corporate purposes.

In November 2001, Duke Energy completed an offering of 30 million Equity Units, at \$25 per unit, before underwriting discount and other offering expenses. The Equity Units consist of senior notes of Duke Capital Corporation, and purchase contracts obligating the investors to purchase shares of Duke Energy's common stock in 2004. The number of shares to be issued in 2004 will be based on the price of the common stock at conversion. The net proceeds from the offering were approximately \$731 million.

The Duke Capital Corporation senior notes that are part of the Equity Units included in Long-term Debt on the Consolidated Balance Sheets. (See Note 16.) The value of the forward purchase contracts associated with the Equity Units were assumed to be zero at inception as the offerings were done at market prices. The return on the Equity Units consists of interest on the debt component and a contract adjustment payment. The contract adjustment was recorded as a declared dividend and its present value was recorded in Other Current and Noncurrent Liabilities on the Consolidated Balance Sheets.

At Duke Energy's Annual Meeting of Shareholders held on April 26, 2001, shareholders approved an amendment to the Articles of Incorporation to increase the authorized common stock from one billion to two billion shares.

On December 20, 2000, Duke Energy announced a two-for-one common stock split effective January 26, 2001, to shareholders of record on January 3, 2001. All 2000 and 1999 outstanding share and per share amounts have been restated to reflect the stock split. Appropriate adjustments have been made in the exercise price and number of shares subject to stock options, as well as in stock amounts and other employee benefit programs. Effective with the stock split, the quarterly cash dividend rate on common stock is \$0.275 per share.

17. Stock-Based Compensation

The following information regarding outstanding common stock shares and options reflects the two-for-one common stock split discussed in Note 16.

Duke Energy's 1998 Long-term Incentive Plan, as amended (the 1998 Plan), reserved 60 million shares of common stock for company performance awards to

employees and outside directors. Incentive stock options may only be granted to key employees. Under the 1998 Plan, the exercise price of each option granted cannot be less than the market price of Duke Energy's common stock on the date of grant. Vesting periods range from one to five years with a maximum term of five years.

101

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Stock Option Activity

<TABLE>

<CAPTION>

	Options	Weighted-Average Exercise Price	

	In thousands		
<S>	<C>	<C>	
Outstanding at December 31, 1998	8,923	\$23	
Granted.....	10,308	27	
Exercised.....	(856)	12	
Forfeited.....	(750)	29	

Outstanding at December 31, 1999	17,625	25	
Granted.....	7,594	41	
Exercised.....	(2,047)	21	
Forfeited.....	(666)	27	

Outstanding at December 31, 2000	22,506	31	
Granted.....	7,090	37	
Exercised.....	(2,285)	25	
Forfeited.....	(905)	33	

Outstanding at December 31, 2001	26,406	33	

</TABLE>

Stock Options at December 31, 2001

<TABLE>

<CAPTION>

	Outstanding		Exercisable		

Range of	Weighted-	Weighted-		Weighted-	
Exercise	Average	Average		Average	
Prices	Remaining	Exercise		Exercise	
	Number	Life	Price	Number	Price

<S>	In thousands In years			In thousands		
	<C>	<C>	<C>	<C>	<C>	<C>
\$5 to \$8	21	2.2	\$ 8	21	\$ 8	
\$9 to \$12	784	2.4	10	784	10	
\$13 to \$16	168	4.1	14	168	14	
\$17 to \$22	186	5.1	22	186	22	
\$23 to \$27	5,278	8.0	25	2,317	25	
\$28 to \$33	6,565	6.7	29	3,049	29	
\$34 to \$39	7,236	9.9	38	--	--	
(greater than) \$39	6,168	9.0	43	1,412	43	
Total	26,406			7,937	\$28	

</TABLE>

On December 31, 2000, Duke Energy had 5.2 million exercisable options with a \$23 weighted-average exercise price. On December 31, 1999, Duke Energy had 3.6 million exercisable options with a \$17 weighted-average exercise price.

The weighted-average fair value per option granted was \$10 during 2001, \$10 during 2000 and \$5 during 1999. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model.

102

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Weighted-Average Assumptions for Option-Pricing

<TABLE>

<CAPTION>

	2001	2000	1999
<S>	<C>	<C>	<C>
Stock dividend yield.....	3.4%	3.7%	4.1%
Expected stock price volatility	29.5%	25.1%	18.8%
Risk-free interest rates.....	5.0%	5.3%	5.9%
Expected option lives.....	7 years	7 years	7 years

</TABLE>

Duke Energy's net income for 2001 would have been \$1,876 million, or \$2.42 per basic share, had compensation expense for stock-based compensation been based on the fair value at the grant dates. Net income for 2000 would have been \$1,764 million, or \$2.37 per basic share, and 1999 net income would have been \$1,498 million, or \$2.03 per basic share.

The 1998 Plan allows for a maximum of six million shares of common stock to be issued under restricted stock awards, performance awards and phantom stock awards. Performance awards granted under the 1998 Plan vest over periods from one to seven years. Duke Energy awarded 24,000 shares (fair value of

approximately \$1 million at grant dates) in 2001, 225,000 shares (fair value of approximately \$7 million at grant dates) in 2000 and 986,400 shares (fair value of approximately \$26 million at grant dates) in 1999. Compensation expense for stock grants is charged to earnings over the vesting period, and totaled \$6 million in 2001, \$7 million in 2000 and \$3 million in 1999.

Phantom stock awards granted under the 1998 Plan vest over periods from one to four years. Duke Energy awarded 457,700 shares (fair value of approximately \$17 million at grant dates) in 2001 and 168,500 shares (fair value of approximately \$7 million at grant dates) in 2000. No phantom stock awards were granted in 1999. Compensation expense for the stock grants is charged to earnings over the vesting period, and totaled \$4 million in 2001, and was less than \$1 million in 2000. There was no compensation expense for stock grants in 1999.

Duke Energy's 1996 Stock Incentive Plan (the 1996 Plan) reserved four million shares of common stock for awards to employees. Restricted stock grants under the 1996 Plan vest over periods ranging from one to five years. Duke Energy awarded 124,005 restricted shares (fair value of approximately \$5 million at grant dates) in 2001, 294,526 restricted shares (fair value of approximately \$8 million at grant dates) in 2000 and 131,700 restricted shares (fair value of approximately \$4 million at grant dates) in 1999. Compensation expense for the grants is charged to earnings over the restriction period and totaled \$4 million in 2001, \$4 million in 2000, and \$1 million in 1999.

18. Employee Benefit Plans

Retirement Plans. Duke Energy and its subsidiaries maintain a contributory defined benefit retirement plan. It covers most employees with minimum service requirements using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit based upon a percentage (which may vary with age and years of service) of current eligible earnings and current interest credits.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. No contributions to the Duke Energy plan were necessary in 2001 or 2000. The net unrecognized transition asset, resulting from the implementation of accrual accounting, is amortized over approximately 20 years. Investment gains or losses are amortized over five years.

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Components of Net Periodic Pension Costs

TABLE
CAPTION>

For the Years Ended

December 31,

2001 2000 1999

In millions

	<u><C></u>	<u><C></u>	<u><C></u>
Service cost benefit earned during the year..	\$ 74	\$ 70	\$ 72
Interest cost on projected benefit obligation	188	184	165
Expected return on plan assets.....	(264)	(244)	(224)
Amortization of prior service cost.....	(3)	(3)	(3)
Amortization of net transition asset.....	(4)	(4)	(4)
Recognized net actuarial loss.....	--	--	12

Net periodic pension costs.....	\$ (9)	\$ 3	\$ 18
	=====	=====	=====

</TABLE>

Reconciliation of Funded Status to Pre-funded Pension Costs

<TABLE>

<CAPTION>

December 31,

2001 2000

In millions

	<u><C></u>	<u><C></u>
Change in Benefit Obligation		
Benefit obligation at beginning of year.....	\$2,586	\$2,446
Service cost.....	74	70
Interest cost.....	188	184
Actuarial (gain) loss.....	(147)	16
Plan amendments.....	1	--
Benefits paid.....	(174)	(130)

Benefit obligation at end of year.....	\$2,528	\$2,586
	-----	-----

Change in Plan Assets

Fair value of plan assets at beginning of year (a)	\$3,038	\$3,121
Actual return on plan assets.....	(394)	47
Benefits paid.....	(174)	(130)

Fair value of plan assets at end of year (a).....	\$2,470	\$3,038

Funded status.....	\$ (58)	\$ 452
Unrecognized net experience loss (gain).....	400	(110)
Unrecognized prior service cost reduction.....	(17)	(22)
Unrecognized net transition asset.....	(12)	(16)

Pre-funded pension costs.....	\$ 313	\$ 304
	=====	=====

</TABLE>

(a) Principally equity and fixed-income securities. For measurement

purposes, plans assets were valued as of September 30.

Assumptions Used for Pension Benefits Accounting (a)

TABLE

CAPTION

2001 2000 1999

Percent

<S>

<C> <C> <C>

Discount rate..... 7.25 7.50 7.50

Salary increase..... 4.94 4.53 4.50

Expected long-term rate of return on plan assets 9.25 9.25 9.25

</TABLE>

(a) Reflects weighted averages across all plans

104

<PAGE>

DUKE ENERGY CORPORATION

Notes To Consolidated Financial Statements -- Continued

Duke Energy also sponsors employee savings plans that cover substantially all employees. Duke Energy expensed employer matching contributions of \$69 million in 2001, \$66 million in 2000 and \$68 million in 1999.

Other Post-Retirement Benefits. Duke Energy and most of its subsidiaries provide some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans. Under plan amendments effective late 1998 and early 1999, health care benefits for future retirees were changed to limit employer contributions and medical coverage.

These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation, resulting from accrual accounting, is amortized over approximately 20 years.

Components of Net Periodic Post-Retirement Benefit Costs

TABLE

CAPTION

For the Years Ended
December 31,

2001 2000 1999

In millions

<C> <C> <C>

Service cost benefit earned during the year..... \$ 5 \$ 5 \$ 7

Interest cost on accumulated post-retirement benefit obligation. 44 43 40