NEWS RELEASE

Duke Energy Corporation
P.O. Box 1009
Charlotte, NC 28201-1009

Nov. 8, 2006

CONTACT: Media Relations
24-Hour: 704/382-8333
Option 1

CAROLINA COMPANIES INCREASE PRODUCTION & REDUCE COSTS; DUKE ENERGY NAMES POWER PARTNER AWARD WINNERS

CHARLOTTE, N.C. – Success in business often follows a simple formula: increase production while saving money. Throw in excellent customer service and you've got a winner. That's what the 2006 Duke Energy Power Partner Award winners did.

The winning companies met production goals while saving money thanks to the innovative use of energy and electricity solutions. They are committed to quality, progress and excellent customer satisfaction.

Created in 1993, the Duke Energy Power Partner Awards recognize customers who share Duke Energy's commitment to excellence and implementation of strategic energy solutions. Some 80 business and industrial customers, organizations and trade allies have been recognized since 1993.

The 2006 Duke Energy Power Partners are:

Freightliner of Cleveland, LLC

Freightliner of Cleveland, LLC is the largest of the Freightliner truck manufacturing plants and a 2002 Power Partner Award winner. In July 2005 Freightliner worked with Duke Energy and Advanced Energy to perform a complete facility assessment of their plant resulting in five energy saving recommendations that have been, or are in the process of being, implemented. Currently Duke Energy is working with

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Freightliner to evaluate the replacement of gas hot water boilers with electric hot water boilers and the installation of new electric infrared ovens for paint curing on their chassis and hood lines.

Hendrick Motorsports, Inc.

Hendrick Motorsports, Inc. designs tests and manufactures race cars and over 700 engines each year. Working together, Duke Energy and Hendrick Motorsports were able to implement creative solutions for two significant projects:

1. Concerned about the potential impacts of extended power outages on race preparations, Hendrick Motorsports consulted with Duke Energy to identify an economical solution. After evaluating several options, an alternate electrical feed was installed and made operational in May 2006.
2. Installation in August 2005 of a new electrical delivery to an A/C Dynamometer for engine testing ultimately led to savings for Hendrick Motorsports. Engines tested on the A/C Dynamometer produce electricity that is returned to the Duke Energy system, resulting in a monthly credit on their electric bill.

Pharr Yarns

Pharr Yarns is one of the world's largest and most diverse sales yarn spinners, selling to virtually every major U.S. manufacturer of residential and commercial carpet as well as to manufacturers of textile products for high performance applications. In 2005, Pharr Yarns worked with Duke Energy to select a site adjacent to an existing Pharr plant in McAdenville for construction of their new fiber extrusion manufacturing facility.

Pharr Yarns and Duke Energy have also partnered to provide services to the Town of McAdenville, also known as Christmas Town, USA. When Pharr Yarns moved away from providing electric service to McAdenville by way of their 575-volt electric distribution system, they worked with Duke Energy to ensure continued service to the town.

After the purchase of a manufacturing facility resulted in the acquisition of a high resistance ground system, Pharr Yarns worked with Duke Energy business continuity professionals to modify the system for successful installation in a Pharr Yarns manufacturing facility in McAdenville, resulting in improved operation of the plant's 575-volt electrical system.

R.R. Donnelley

R. R. Donnelley prepares, produces and delivers integrated communications across multiple channels for content owners such as publishers, merchandisers and telecommunications companies, as well as capital markets and diversified financial service companies. In 2005, Duke Energy provided a facility assessment of their Spartanburg plant which led to continued services and energy savings realized by R.R. Donnelley. Most recently, Duke Energy worked with Peregrine and R.R. Donnelley to facilitate installation of a 33Mw electrode boiler and new substation for the project which was completed and energized in July 2006.

The Timken Company

The Timken Company (Timken) is a leading global manufacturer of highly engineered bearings and alloy steels. Over the past two years, Timken and Duke Energy have worked together to explore win-win opportunities in the Carolinas resulting in realignment of their manufacturing footprint through production moves

and plant expansions at facilities served by Duke Energy. These decisions were aided by Duke Energy's economic development incentives and low cost electric rates. In addition, Timken has built a new, state-of-the-art research facility at Clemson University's International Center for Automotive Research in Greenville, SC.

Winthrop University

Winthrop University considers energy management a key component of building a level of overall cost-efficiency that continues to be top-rated among all public universities in the state, while contributing to national recognition for quality and value from such publications as *Consumer's Digest, Barron's,* and *The Princeton Review.*

Most recently, through collaboration with Duke Energy and the state energy office, energy solutions have been identified that allow Winthrop University to reduce energy costs and increase efficiency by using different fuels to produce steam with a new electrode boiler. This partnership resulted in benefits for both organizations.

Duke Energy is a diversified energy company with a portfolio of natural gas and electric businesses, both regulated and unregulated, and an affiliated real estate company. Duke Energy supplies, delivers and processes energy for customers in the Americas, including 28,000 megawatts of regulated generating capacity in the United States. Duke Energy's Carolinas operations include a diverse mix of nuclear, coal-fired, natural gas and hydroelectric generation that provides 19,900 megawatts of safe, reliable and competitively priced electricity to more than 2.2 million electric

customers in a 22,000 square mile service area of North Carolina and South Carolina. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: www.duke-energy.com.

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