



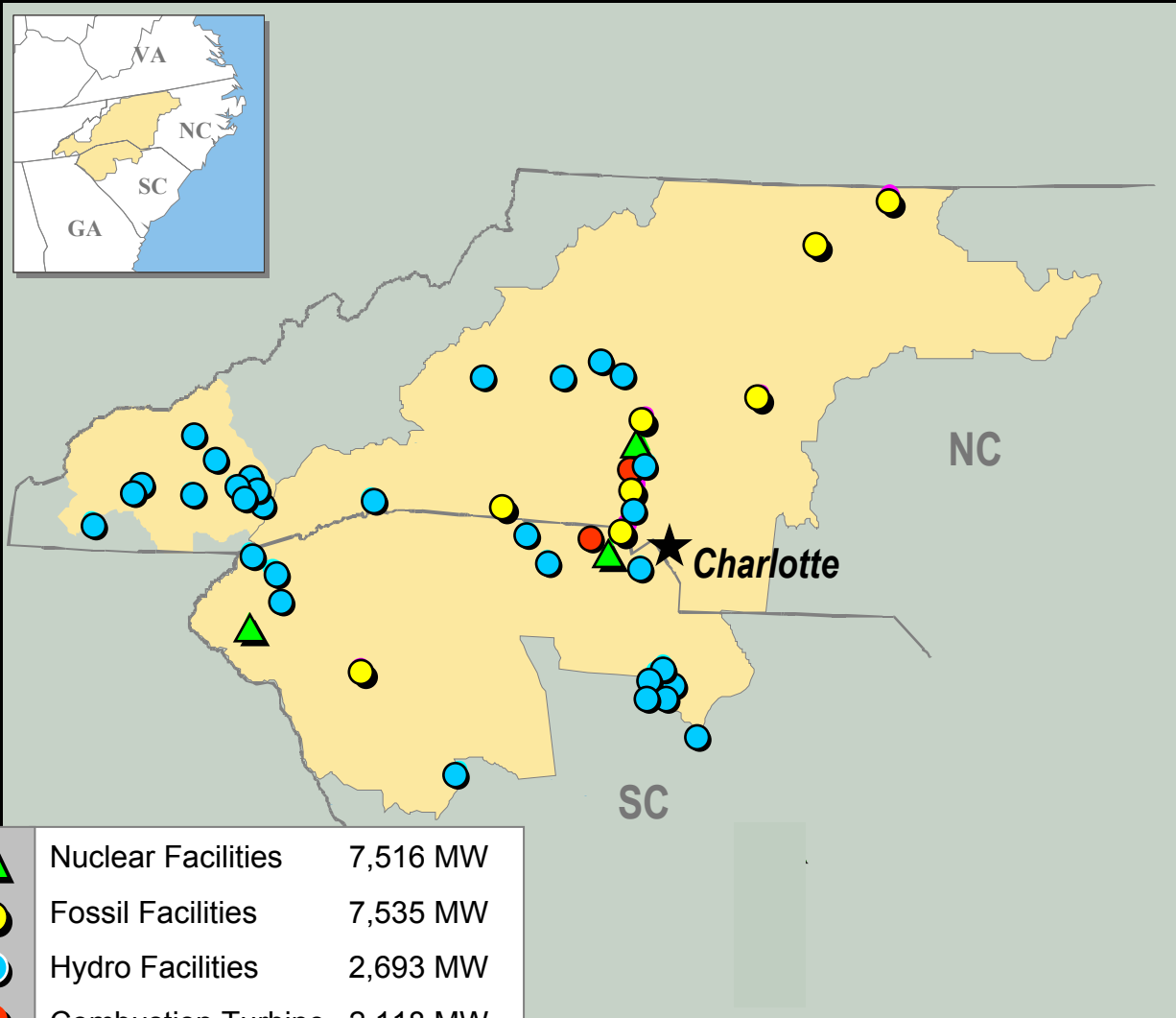
**Monthly
Chat
Series**

Franchised Electric

November 2002

Bill Coley
President
Duke Power

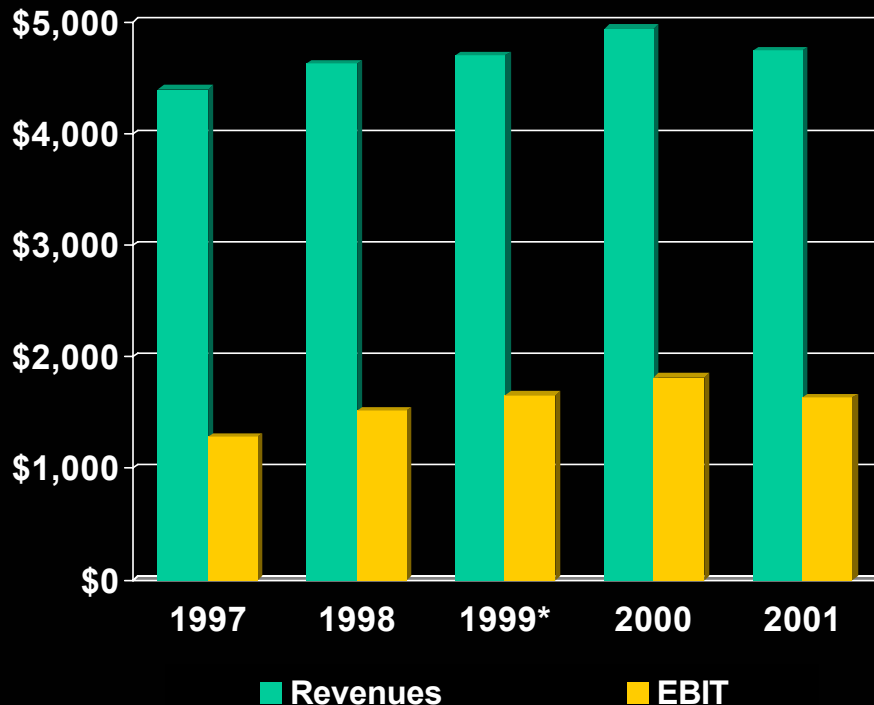
Duke Power Service Area



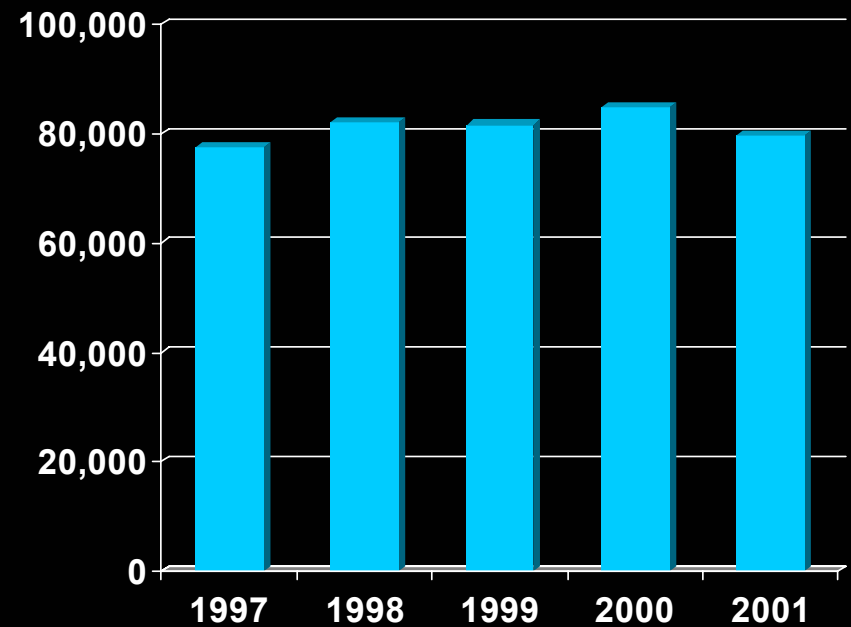
- 22,000 sq. miles
- 2.1 million customers
- 10,300 employees
- 19,900 MW of generating capacity
- 12,700 miles of transmission lines
- 66,200 miles of distribution lines

Earnings History

Operating Revenues and EBIT
(\$ in millions)



Sales, GWh



* EBIT for 1999 excludes the \$800 million injuries and damages reserve.

Operational Excellence

- Nuclear Operations
 - Nuclear utilization averaged 91% from 1999 to 2001
 - 2002 nuclear utilization average is 95%
 - Oconee license renewed for additional 20 years through 2033/34
 - McGuire and Catawba license renewals expected in 2003
 - Oconee reactor vessel head replacements to be completed by Spring 2004
- Coal-fired Generation
 - Operating at 98% commercial availability in 2002
 - Our coal-fired plants are consistently ranked as among the most efficient in the nation

Duke Power Customer Satisfaction

- Duke Power ranked #1 in the country for customer satisfaction among large commercial and industrial customers by TQS Research
- Residential customers have consistently ranked Duke Power number one or two in customer satisfaction every year since 1994 (American Customer Satisfaction Index)

Duke Power Specific Strategies

- Achieve Best-In-Class Performance
- Manage Our Assets to Add Value to Our Shareholders
- Offer Our Customers Additional Value-for-Value Services



Duke Power Issues 2003 and Beyond

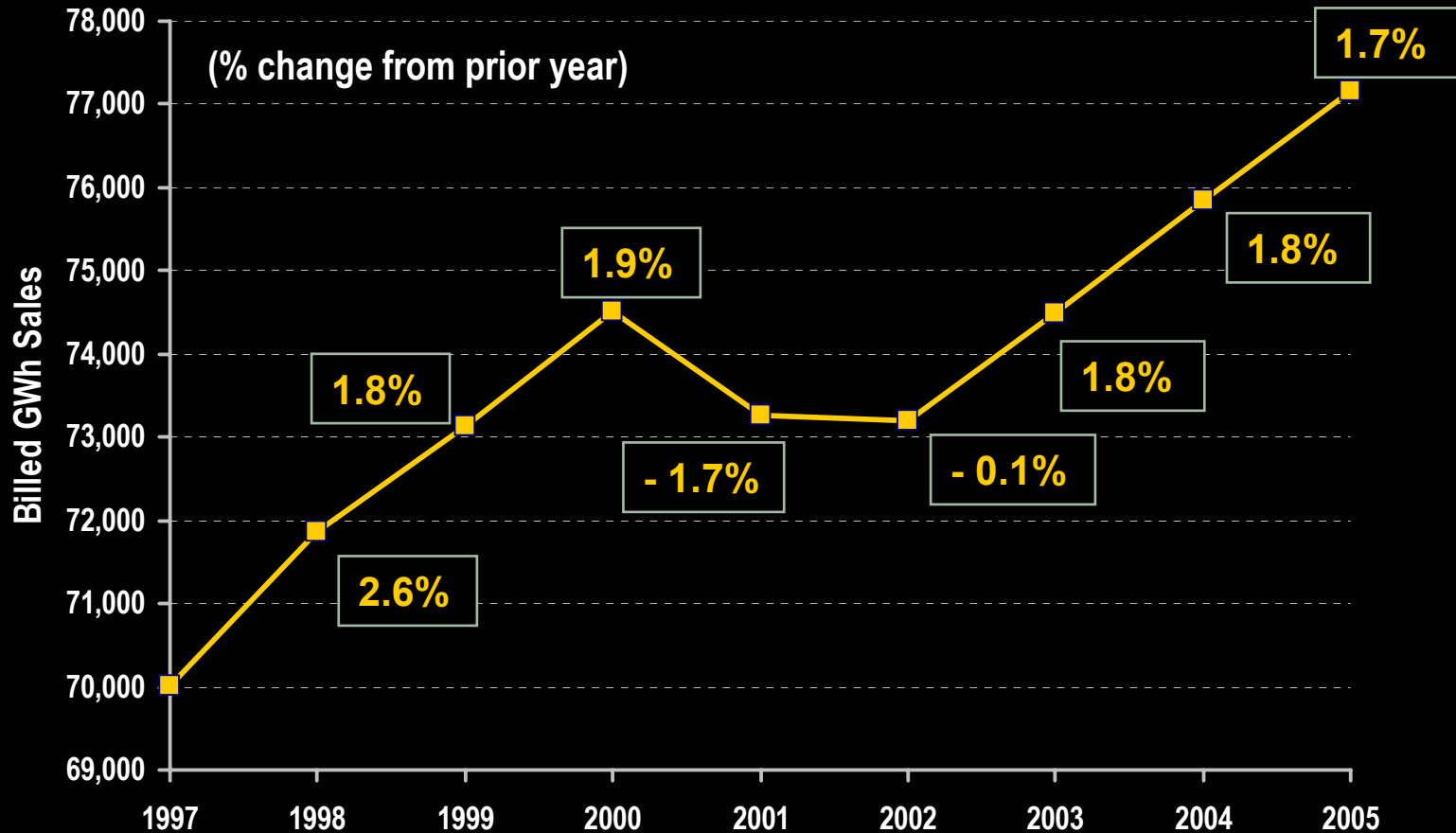
- Service area drought
- Revenue impacts of weather
- Increasing customer expectations
- Continuing decline in textile industry
- Timing of economic recovery
- Regulatory changes



Retail Sales Trends



Monthly Chat



1997 - 2001 = Temperature Corrected Actual

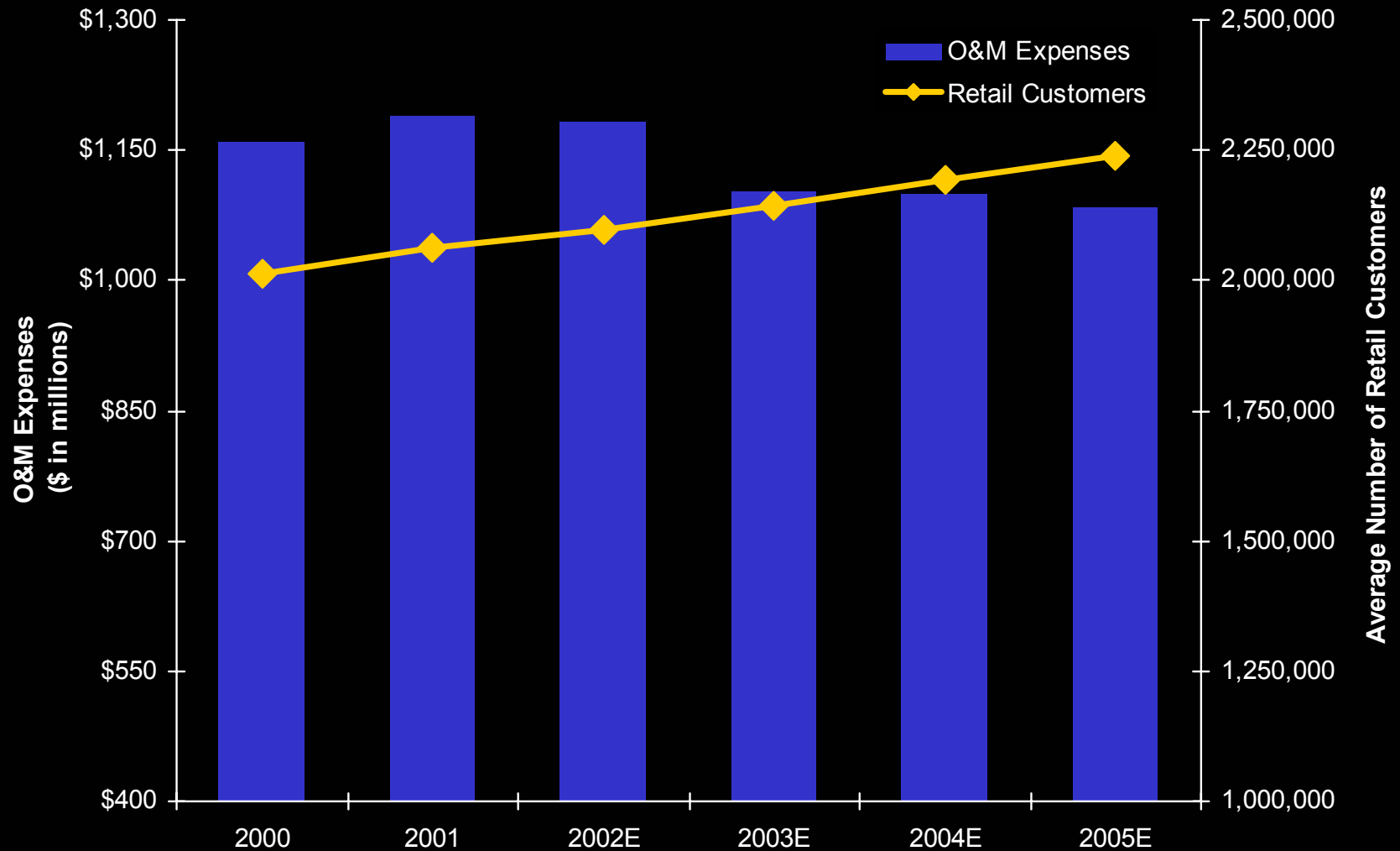
2002 - 2005 = Projected

Note: Includes only billed GWh sales to residential, commercial and industrial customers. Wholesale sales are excluded.

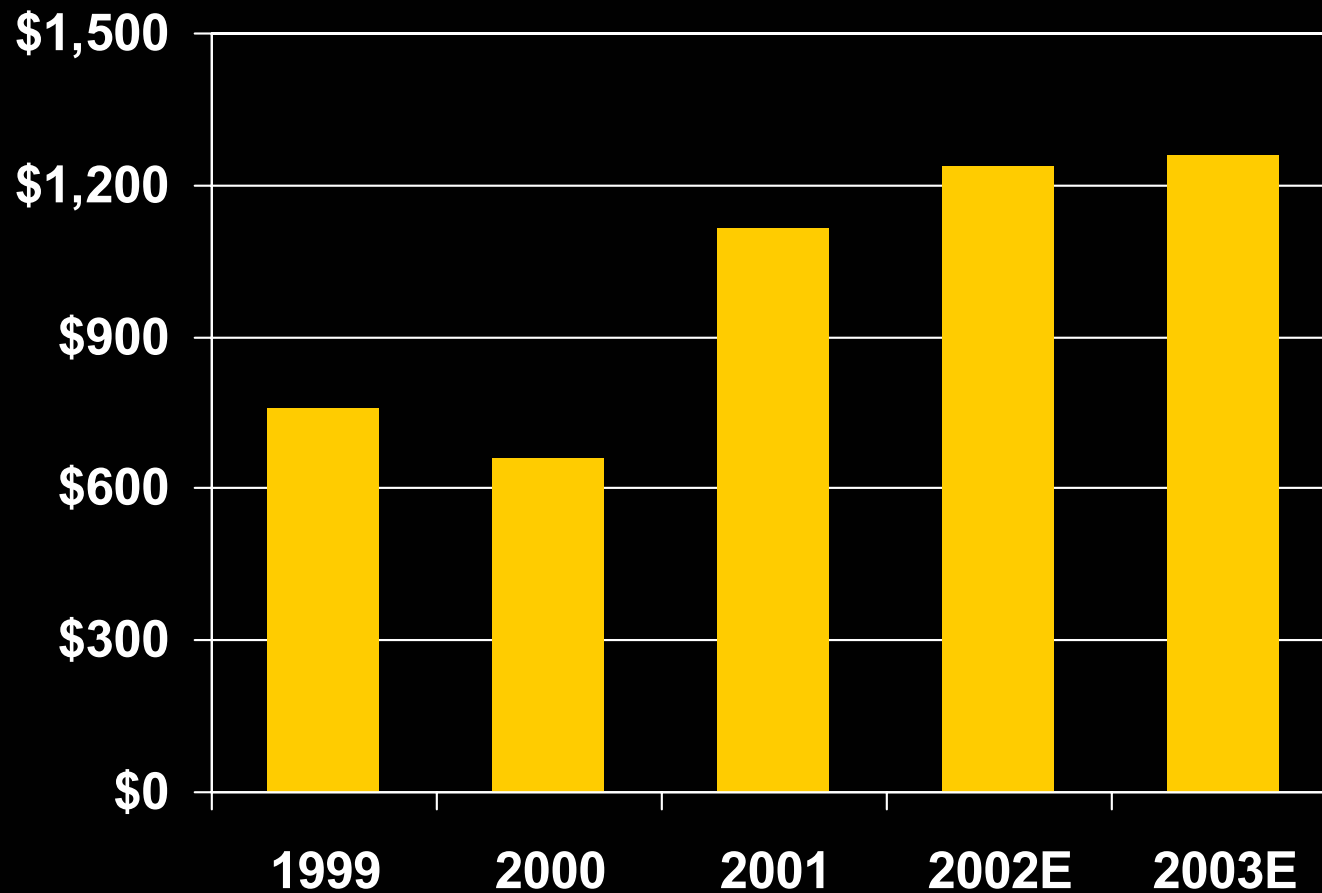
O&M Cost Reduction



Monthly Chat



Capital Expenditures



Grant Thornton Audit

- Duke Power filed proposed settlements at both North and South Carolina Utility Commissions
 - North Carolina accepted the settlement on October 29
 - South Carolina accepted the settlement on November 19
- Duke Power will take a \$19 million charge in the fourth quarter as a result of the settlement
- Annual fuel clauses will be credited with the settlement amounts

NC Clean Air Legislation

- Legislation passed in June 2002 freezes rates for five years until 2007
- Represents a “win-win” outcome providing rate stability for customers and earnings predictability for investors
- Approximately \$1.5 billion will be invested to reduce coal plant emission below current federal standards
- Recovery through annual amortization expense
 - At least 70% of total estimated costs must be amortized in the first five years (by 2007)
 - Remaining costs will be “trued up” and amortized over two years (2008 – 2009)



Monthly Chat Series

Question & Answer Session

November 2002