

Duke Energy Carolinas, LLC
Form 424B5
April 10, 2008

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-146483-03**

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities Offered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
First and Refunding Mortgage Bonds, 5.10% Series B due 2018	\$ 300,000,000	\$ 11,790
First and Refunding Mortgage Bonds, 6.05% Series B due 2038	600,000,000	23,580
Total Bonds	\$ 900,000,000	\$ 35,370

(1) The amount of registration fee is calculated in accordance with Rules 456(b) and 457(p) under the Securities Act of 1933.

PROSPECTUS SUPPLEMENT

(To Prospectus dated October 3, 2007)

\$300,000,000 First and Refunding Mortgage Bonds, 5.10% Series B due 2018
\$600,000,000 First and Refunding Mortgage Bonds, 6.05% Series B due 2038

We are offering \$900,000,000 aggregate principal amount of First and Refunding Mortgage Bonds in two series. We are offering \$300,000,000 First and Refunding Mortgage Bonds, 5.10% Series B due 2018 (the 2018 Mortgage Bonds) and \$600,000,000 First and Refunding Mortgage Bonds, 6.05% Series B due 2038 (the 2038 Mortgage Bonds, and together with the 2018 Mortgage Bonds, the Mortgage Bonds). We will pay interest on the 2018 Mortgage Bonds at a rate of 5.10% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2008. The 2018 Mortgage Bonds will mature as to principal on April 15, 2018. We will pay interest on the 2038 Mortgage Bonds at a rate of 6.05% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2008. The 2038 Mortgage Bonds will mature as to principal on April 15, 2038. The Mortgage Bonds are secured by a continuing lien on certain of our properties and franchises.

We may redeem either series of Mortgage Bonds at our option at any time and from time to time, in whole or in part, as described in this prospectus supplement under the caption Description of the Mortgage Bonds Optional Redemption. The Mortgage Bonds will also be redeemable for the Replacement Fund (as defined in the accompanying prospectus under Description of the First and Refunding Mortgage Bonds Replacement Fund) or upon application of moneys arising from a taking of any of the mortgaged property by eminent domain or similar action at any time or from time to time at the special redemption price of 100% of their principal amount, together with accrued and unpaid interest to the redemption date. We have agreed not to apply any cash deposited with the trustee pursuant to the Replacement Fund to the redemption of the Mortgage Bonds so long as any of the First and Refunding Mortgage Bonds presently outstanding remain outstanding. See Description of the First and Refunding Mortgage Bonds Replacement Fund in the accompanying prospectus.

The Mortgage Bonds will not be listed on any securities exchange or included in any automated quotation system. Currently, there is no public market for the Mortgage Bonds. Please read the information provided under the caption Description of the Mortgage Bonds in this prospectus supplement and Description of the First and Refunding Mortgage Bonds in the accompanying prospectus for a more detailed description of the Mortgage Bonds.

Investing in the Mortgage Bonds involves risks. See the section captioned Risk Factors in our annual report on Form 10-K for the year ended December 31, 2007, which has been filed with the Securities and Exchange Commission and is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Price to Public(1)	Underwriting Discount(2)	Proceeds to Duke Energy Carolinas, LLC before expenses(1)
Per 2018 Mortgage Bond	99.853%	0.650%	99.203%
Total 2018 Mortgage Bonds	\$ 299,559,000	\$ 1,950,000	\$ 297,609,000
Per 2038 Mortgage Bond	99.725%	0.875%	98.850%
Total 2038 Mortgage Bonds	\$ 598,350,000	\$ 5,250,000	\$ 593,100,000

(1) Plus accrued interest, if any, from April 14, 2008, if settlement occurs after that date.

(2) See Underwriting on page S-15.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We expect the Mortgage Bonds to be ready for delivery only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank N.V./S.A., on or about April 14, 2008.

Book-Running Managers

Barclays Capital

Banc of America Securities LLC

RBS Greenwich Capital

Co-Managers

**BNP PARIBAS
Lazard Capital Markets**

BNY Capital Markets, Inc.

**KeyBanc Capital Markets
SunTrust Robinson Humphrey**

Junior Co-Manager

The Williams Capital Group, L.P.

The date of this prospectus supplement is April 9, 2008.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should not assume that the information provided by or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of the document containing the information.

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ABOUT THIS PROSPECTUS SUPPLEMENT

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to Duke Energy Carolinas, we, us and our or similar terms are to Duke Energy Carolinas, LLC and its subsidiaries.

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by, and should be read together with, the more detailed information, including Risk Factors, and our consolidated financial statements (and the notes thereto included) in our annual report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

Duke Energy Carolinas, LLC

Duke Energy Carolinas, a wholly owned subsidiary of Duke Energy Corporation, generates, transmits, distributes and sells electricity. Its service area covers approximately 22,000 square miles with an estimated population of 6 million in central and western North Carolina and western South Carolina. Duke Energy Carolinas supplies electric service to more than 2.3 million residential, commercial and industrial customers over 99,000 miles of distribution lines and a 13,000 mile transmission system. In addition, municipal and cooperative customers who purchased portions of the Catawba Nuclear Station may also buy power from a variety of suppliers including Duke Energy Carolinas, through contractual agreements.

We are a North Carolina limited liability company. The address of our principal executive offices is 526 South Church Street, Charlotte, North Carolina 28202-1803. Our telephone number is (704) 594-6200.

The foregoing information about Duke Energy Carolinas is only a general summary and is not intended to be comprehensive. For additional information about Duke Energy Carolinas, you should refer to the information described under the caption **Where You Can Find More Information**.

The Offerings

Issuer	Duke Energy Carolinas, LLC
Securities Offered	We are offering \$300,000,000 aggregate principal amount of 5.10% 2018 Mortgage Bonds and offering \$600,000,000 aggregate principal amount of 6.05% 2038 Mortgage Bonds.
Maturity	The 2018 Mortgage Bonds will mature on April 15, 2018. The 2038 Mortgage Bonds will mature on April 15, 2038.
Interest Rates	5.10% per year for the 2018 Mortgage Bonds. 6.05% per year for the 2038 Mortgage Bonds.
Interest Payment Dates	Interest on the Mortgage Bonds shall be payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2008.
Ranking	The Mortgage Bonds are two series of First and Refunding Mortgage Bonds of Duke Energy Carolinas, LLC. All of the outstanding First and Refunding Mortgage Bonds are equally and ratably secured without preference, priority or distinction.

Collateral

The Mortgage Bonds are secured by a lien that covers substantially all of our properties, real, personal and mixed, and our franchises, including properties acquired after the date of the mortgage as supplemented governing the Mortgage Bonds (the Mortgage).

Certain Covenants

The Mortgage contains certain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to create liens on our assets. See Description of the Mortgage Bonds in this prospectus supplement and Description of the First and Refunding Mortgage Bonds in the accompanying prospectus.

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Optional Redemption

The Mortgage Bonds of each series are redeemable at the option of Duke Energy Carolinas, LLC at any time and from time to time, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the Mortgage Bonds being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Mortgage Bonds being redeemed (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis at the Treasury Rate plus 30 basis points in the case of the 2018 Mortgage Bonds, and at the Treasury Rate plus 35 basis points in the case of the 2038 Mortgage Bonds, plus, in each case, accrued and unpaid interest on the Mortgage Bonds being redeemed to the redemption date. See Description of the Mortgage Bonds Optional Redemption .

The Mortgage Bonds will also be redeemable for the Replacement Fund or upon application of moneys arising from a taking of any of the underlying mortgaged property by eminent domain or similar action at any time or from time to time at the special redemption price of 100% of their principal amount, together with accrued and unpaid interest to the redemption date. We have agreed not to apply any cash deposited with the trustee pursuant to the Replacement Fund to the redemption of the Mortgage Bonds so long as any of the First and Refunding Mortgage Bonds presently outstanding remain outstanding. See Description of the First and Refunding Mortgage Bonds Replacement Fund in the accompanying prospectus.

No Sinking Fund

There is no sinking fund for the Mortgage Bonds.

Use of Proceeds

The aggregate net proceeds from the sale of the Mortgage Bonds, after deducting the respective underwriting discounts and related offering expenses, will be approximately \$890.21 million. The net proceeds from the sale of the Mortgage Bonds will be used to fund capital expenditures for our ongoing construction program and for general company purposes.

We expect that the sales of the 2018 Mortgage Bonds and the 2038 Mortgage Bonds will take place concurrently. However, the sales of the 2018 Mortgage Bonds and the 2038 Mortgage Bonds are not conditioned upon each other, and we may consummate the sale of one series and not the other, or consummate the sales at different times.

Book-Entry

The Mortgage Bonds will be represented by one or more global securities registered in the name of and deposited with or on behalf of The Depository Trust Company (DTC) or its nominee. Beneficial interests in the Mortgage Bonds will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream, Luxembourg or Euroclear in Europe if they are participants in those systems, or indirectly through organizations which are participants in those systems. This means that you will not receive a certificate for your Mortgage Bonds and Mortgage Bonds will not be registered in your name, except under certain limited circumstances described under the caption

Book-Entry System.

Trustee

The Bank of New York Trust Company, N.A.

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RISK FACTORS

You should carefully consider the risk factors under the heading "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this prospectus supplement, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words, such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," and other similar expressions. Those statements represent our intentions, plans, expectations, assumptions and beliefs about future events. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

State and federal legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements;

State and federal legislative and regulatory initiatives and rulings that affect cost and investment recovery or have an impact on rate structures;

Costs and effects of legal and administrative proceedings, settlements, investigations and claims;

Industrial, commercial and residential growth in Duke Energy Carolinas' service territories;

Additional competition in electric markets and continued industry consolidation;

The influence of weather and other natural phenomena on Duke Energy Carolinas' operations, including the economic, operational and other effects of hurricanes, ice storms, droughts and tornados;

The timing and extent of changes in commodity prices and interest rates;

Unscheduled generation outages, unusual maintenance or repairs and electric transmission system constraints;

The performance of electric generation facilities;

The results of financing efforts, including Duke Energy Carolinas' ability to obtain financing on favorable terms, which can be affected by various factors, including Duke Energy Carolinas' credit ratings and general economic conditions;

Declines in the market prices of equity securities and resultant cash funding requirements of Duke Energy Carolinas for Duke Energy Corporation's defined benefit pension plans;

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Employee workforce factors, including the potential inability to attract and retain key personnel;

Growth in opportunities for Duke Energy Carolinas' business, including the timing or success of efforts to develop power and other projects; and

The effect of accounting pronouncements issued periodically by accounting standard-setting bodies.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus might not occur or might occur to a different extent or at a different time than we have described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
	(Dollars in millions)				
Earnings (as defined for the fixed charges calculation)					
Add:					
Pretax income from continuing operations(a)	\$ 1,014	\$ 890	\$ 980	\$ 910	\$ 783
Fixed charges	329	502	1,159	1,433	1,620
Distributed income of equity investees		215	473	140	263
Deduct:					
Preference security dividend requirements of consolidated subsidiaries		7	27	31	139
Interest capitalized(b)	22	18	23	18	58
Total earnings (as defined for the fixed charges calculation)	\$ 1,321	\$ 1,582	\$ 2,562	\$ 2,434	\$ 2,469
Fixed charges:					
Interest on debt, including capitalized portions	\$ 314	\$ 481	\$ 1,096	\$ 1,365	\$ 1,441
Estimate of interest within rental expense	15	14	36	37	40
Preference security dividend requirements of consolidated subsidiaries		7	27	31	139
Total fixed charges	\$ 329	\$ 502	\$ 1,159	\$ 1,433	\$ 1,620
Ratio of earnings to fixed charges	4.0	3.2	2.2	1.7	1.5

(a) Excludes minority interest expense and income or loss from equity investees.

(b) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in our Consolidated Statements of Operations incorporated by reference in this prospectus supplement and the accompanying prospectus.

USE OF PROCEEDS

The aggregate net proceeds from the sale of the Mortgage Bonds, after deducting the respective underwriting discounts and related offering expenses, will be approximately \$890.21 million. The net proceeds from the sale of the Mortgage Bonds will be used to fund capital expenditures for our ongoing construction program and for general company purposes.

We expect that the sales of the 2018 Mortgage Bonds and the 2038 Mortgage Bonds will take place concurrently. However, the sales of the 2018 Mortgage Bonds and the 2038 Mortgage Bonds are not conditioned upon each other, and we may consummate the sale of one series and not the other, or consummate the sales at different times.

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DESCRIPTION OF THE MORTGAGE BONDS

We will issue the Mortgage Bonds as two series of First and Refunding Mortgage Bonds, or the Bonds, under our First and Refunding Mortgage, dated as of December 1, 1927, to The Bank of New York Trust Company, N.A., as Trustee, as supplemented and amended from time to time, including by the Eighty-Seventh Supplemental Indenture, to be dated as of April 14, 2008. The First and Refunding Mortgage is sometimes called the Mortgage and the First and Refunding Mortgage Bonds, 5.10% Series B due 2018, together with the First and Refunding Mortgage Bonds, 6.05% Series B due 2038, are sometimes called the Mortgage Bonds in this prospectus supplement. The trustee under the Mortgage is sometimes called the Bond Trustee in this prospectus supplement. The term Bonds refers to all mortgage bonds from time to time issued under the Mortgage, including the Mortgage Bonds. The following description of the Mortgage Bonds is only a summary and is not intended to be comprehensive. For additional information, you should refer to the accompanying prospectus and to the Mortgage, which is an exhibit to the registration statement, of which the accompanying prospectus is a part.

General

The Mortgage Bonds will be issued as two new series of Bonds under the Mortgage. The Mortgage Bonds being offered hereby will be issued in the aggregate principal amount of \$900,000,000. The amount of Bonds that we may issue under the Mortgage is unlimited subject to the provisions stated in the accompanying prospectus under Description of the First and Refunding Mortgage Bonds Issuance of Additional Bonds.

We will issue the Mortgage Bonds only in fully registered form without coupons and there will be no service charge for any transfers and exchanges of the Mortgage Bonds. We may, however, require payment to cover any stamp tax or other governmental charge payable in connection with any transfer or exchange. Transfers and exchanges of the Mortgage Bonds may be made at The Bank of New York Trust Company, N.A., 101 Barclay Street, New York, New York 10286 or at any other office maintained by us for such purpose.

The Mortgage Bonds will be issuable in denominations of \$2,000 and multiples of \$1,000 in excess thereof.

Interest

The 2018 Mortgage Bonds and the 2038 Mortgage Bonds will mature on April 15, 2018 and April 15, 2038, respectively. Interest on the 2018 Mortgage Bonds will accrue at the rate of 5.10% per annum from April 14, 2008 or from the most recent interest payment date to which interest on the 2018 Mortgage Bonds has been paid or provided for. Interest on the 2038 Mortgage Bonds will accrue at the rate of 6.05% per annum from April 14, 2008 or from the most recent interest payment date to which interest on the 2038 Mortgage Bonds has been paid or provided for. We will make each interest payment on the Mortgage Bonds semi-annually in arrears on April 15 and October 15 of each year, commencing October 15, 2008, to each holder of record at the close of business on April 1 and October 1 (whether or not a business day) preceding the applicable interest payment date until the relevant principal amount has been paid or made available for payment. Interest on the Mortgage Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Optional Redemption

We will have the right to redeem the Mortgage Bonds, in whole or in part at any time and from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Mortgage Bonds to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on such Mortgage

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Bonds (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points in the case of the 2018 Mortgage Bonds, and at the Treasury Rate plus 35 basis points, in the case of the 2038 Mortgage Bonds, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to such redemption date.

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Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Mortgage Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Mortgage Bonds.

Comparable Treasury Price means with respect to any redemption date for Mortgage Bonds, the average of three Reference Treasury Dealer Quotations for such redemption date.

Quotation Agent means a Reference Treasury Dealer appointed by us.

Reference Treasury Dealers means each of Barclays Capital Inc., Banc of America Securities LLC and Greenwich Capital Markets, Inc. (each a Primary Treasury Dealer) and their respective successors; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H. 15 (519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date of the Mortgage Bonds to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined, and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third business day preceding the redemption date.

The Mortgage Bonds will also be redeemable for the Replacement Fund or upon application of moneys arising from a taking of any of the underlying mortgaged property by eminent domain or similar action at any time or from time to time at the special redemption price of 100% of their principal amount, together with accrued and unpaid interest up to, but not including, the redemption date. We have agreed not to apply any cash deposited with the Bond Trustee pursuant to the Replacement Fund to the redemption of the Mortgage Bonds so long as any of the First and Refunding Mortgage Bonds presently outstanding remain outstanding.

Redemption Procedures

We will provide not less than 30 nor more than 60 days notice mailed to each registered holder of the Mortgage Bonds to be redeemed. If the redemption notice is given and funds deposited as required, then interest will cease to accrue on and after the redemption date on the Mortgage Bonds or portions of such Mortgage Bonds called for redemption. In the event that any redemption date is not a business day, we will pay the redemption price on the next business day without any interest or other payment due to the delay.

Release Provisions

The Mortgage permits us to dispose of certain property and to take other actions without the Bond Trustee releasing that property. The Mortgage also permits the release of mortgaged property if we deposit cash or other consideration equal to the value of the mortgaged property to be released. In certain events and

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within certain limitations, the Bond Trustee is required to pay out cash that the Bond Trustee receives other than for the Replacement Fund or as the basis for issuing Bonds upon Duke Energy Carolinas application.

We may withdraw cash that we deposited with the Bond Trustee as the basis for issuing Bonds in an amount equal to the principal amount of any Bonds that we are entitled to have authenticated and delivered on the basis of additional property (electric), on the basis of Bonds previously authenticated and delivered or on the basis of refundable prior lien bonds.

Security

The Mortgage creates a continuing lien to secure the payment of principal and interest on the Bonds. All the Bonds are equally and ratably secured without preference, priority or distinction. With some exceptions, the lien of the Mortgage covers substantially all of our properties, real, personal and mixed, and our franchises, including properties acquired after the date of the Mortgage. Those exceptions include cash, accounts receivable, inventories of materials and supplies, merchandise held for sale, securities that we hold, after-acquired property not useful in our electric business, after-acquired franchises and after-acquired non-electric properties.

We have not made any appraisal of the value of the properties subject to the lien. The value of the properties in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. In the event of liquidation, if the proceeds were not sufficient to repay amounts under all of the Bonds then outstanding, then holders of the Bonds, to the extent not repaid from the proceeds of the sale of the collateral, would only have an unsecured claim against our remaining assets. As of December 31, 2007, we had total senior secured indebtedness of approximately \$1.6 billion and total senior unsecured indebtedness of approximately \$3.8 billion.

The lien of the Mortgage is subject to certain permitted liens and to liens that exist upon properties that we acquired after we entered into the Mortgage to the extent of the amounts of prior lien bonds secured by those properties (not, however, exceeding 75% of the cost or value of those properties) and additions to those properties. Prior lien bonds are bonds or other indebtedness that are secured at the time of acquisition by a lien upon property that we acquire after the date of the Mortgage that becomes subject to the lien of the Mortgage.

Amendments of the Mortgage

Subject to some exceptions, we may amend the Mortgage with the consent of the holders of 662/3% in principal amount of the Bonds. No amendment, however, may affect the rights under the Mortgage of the holders of less than all of the series of Bonds outstanding unless the holders of 662/3% in principal amount of the Bonds of each series affected consent to the amendment. The covenants included in the Eighty-Seventh Supplemental Indenture for the series of Bonds offered hereby are solely for the benefit of the holders of the Bonds offered pursuant to this prospectus supplement.

Events of Default

The Bond Trustee may, and at the written request of the holders of a majority in principal amount of the outstanding Bonds will, declare the principal of all outstanding Bonds due when any event of default under the Mortgage occurs. The holders of a majority in principal amount of the outstanding Bonds may, however, waive the default and rescind the declaration if we cure the default. We provide a statement from an officer each year to the Bond Trustee stating whether we have complied with the covenants of the Mortgage.

Concerning the Bond Trustee

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The Bank of New York Trust Company, N.A., is the Bond Trustee. Duke Energy Carolinas and some of its affiliates have banking relationships with The Bank of New York, an affiliate of the Bond Trustee. The Bank of New York or its affiliate also serves as trustee or agent under other indentures and agreements pursuant to which securities of Duke Energy Carolinas and of some of its affiliates are outstanding.

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The Bond Trustee is under no obligation to exercise any of its powers at the request of any of the holders of the Bonds unless the holders thereof have offered to the Bond Trustee security or indemnity satisfactory to it against the cost, expenses and liabilities it might incur as a result. The holders of a majority in principal amount of the Bonds outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or the exercise of any trust or power of the Bond Trustee. The Bond Trustee will not be liable for any action that it takes or omits to take in good faith in accordance with any such direction.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following discussion summarizes certain U.S. federal income tax considerations relevant to the acquisition, ownership and disposition of the Mortgage Bonds, and does not purport to be a complete analysis of all potential U.S. federal income tax considerations. This discussion only applies to Mortgage Bonds that are held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and that are purchased in the initial offering at the initial offering price, by Non-U.S. Holders (as defined below). This summary is based on the Code, administrative pronouncements, judicial decisions and regulations of the Treasury Department, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein. This discussion does not describe all of the U.S. federal income tax considerations that may be relevant to holders in light of their particular circumstances or to holders subject to special rules, such as certain financial institutions; tax-exempt organizations; insurance companies; traders or dealers in securities or commodities; persons holding Mortgage Bonds as part of a hedge or other integrated transaction; or certain former citizens or residents of the United States. Persons considering the purchase of Mortgage Bonds are urged to consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Furthermore, this discussion does not describe the effect of U.S. federal estate and gift tax laws or the effect of any applicable foreign, state or local law.

We have not and will not seek any rulings or opinions from the Internal Revenue Service (the IRS) or counsel with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the acquisition, ownership or disposition of the Mortgage Bonds or that any such position would not be sustained.

Prospective investors should consult their own tax advisors with regard to the application of the U.S. federal income tax considerations discussed below to their particular situations as well as the application of any state, local, foreign or other tax laws, including gift and estate tax laws.

For purposes of this summary, a Non-U.S. Holder means a beneficial owner of a Mortgage Bond that, for U.S. federal income tax purposes, is not (i) an individual that is a citizen or resident of the United States; (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes that is created or organized under the laws of the United States, any states thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation; (iv) a trust if (A) a court within the United States is able to exercise primary control over its administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of such trust, or (B) the trust has made an election under the applicable Treasury regulations to be treated as a United States person.

If a partnership, or other entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds Mortgage Bonds, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding Mortgage Bonds should consult their tax advisor as to the particular U.S. federal income tax consequences applicable to them.

Interest

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on payments of interest on the Mortgage Bonds provided that such holder (A) does not directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our or Duke Energy Corporation's stock entitled to vote,

(B) is not a controlled foreign corporation that is related to us directly or constructively through stock ownership, and (C) satisfies certain certification requirements. Such certification requirements will be met if (x) the Non-U.S. Holder provides its name and address, and certifies on an IRS Form W-8 BEN (or a substantially similar form), under penalties of perjury, that it is not a U.S. person or (y) a securities clearing organization or certain other financial institutions holding the Mortgage Bonds on behalf of the Non-U.S. Holder certifies on IRS Form W-8IMY, under penalties of perjury, that such certification has been received by it and furnishes us or our paying agent with a copy thereof. In addition, we or our paying

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agent must not have actual knowledge or reason to know that the beneficial owner of the Mortgage Bonds is a U.S. person.

If interest on the Mortgage Bonds is not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, but such Non-U.S. Holder does not satisfy the other requirements outlined in the preceding sentence, interest on the Mortgage Bonds generally will be subject to U.S. withholding tax at a 30% rate (or lower applicable treaty rate).

If interest on the Mortgage Bonds is effectively connected with the conduct by a Non-U.S. Holder of a trade or business within the United States, and, if certain tax treaties apply, is attributable to a permanent establishment or fixed base within the United States, then the Non-U.S. Holder generally will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. persons generally (and, with respect to corporate holders, may also be subject to a 30% branch profits tax). If interest is subject to U.S. federal income tax on a net income basis in accordance with these rules, such interest payments will not be subject to U.S. withholding tax so long as the Non-U.S. Holder provides us or our paying agent with the appropriate documentation (generally an IRS Form W-8ECI).

Sale or Other Taxable Disposition of the Mortgage Bonds

A Non-U.S. Holder generally will not be subject to U.S. federal withholding tax with respect to gain, if any, recognized on the sale or other taxable disposition of the Mortgage Bonds. A Non-U.S. Holder will also generally not be subject to U.S. federal income tax with respect to such gain, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States, and, if certain tax treaties apply, is attributable to a permanent establishment or fixed base within the United States, or (ii) in the case of a Non-U.S. Holder that is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year and certain other conditions are satisfied. In the case described in (i) above, gain or loss recognized on the disposition of such Mortgage Bonds generally will be subject to U.S. federal income taxation in the same manner as if such gain or loss were recognized by a U.S. person, and, in the case of a Non-U.S. Holder that is a foreign corporation, may also be subject to the branch profits tax at a rate of 30% (or a lower applicable treaty rate). In the case described in (ii) above, the Non-U.S. Holder will be subject to a 30% tax on any capital gain recognized on the disposition of the Mortgage Bonds (after being offset by certain U.S. source capital losses).

Information Reporting and Backup Withholding

Information returns will be filed annually with the IRS in connection with payments we make on the Mortgage Bonds. Copies of these information returns may also be made available under the provisions of a specific tax treaty or other agreement to the tax authorities of the country in which the Non-U.S. Holder resides. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a United States person, information returns may be filed with the IRS in connection with the proceeds from a sale or other disposition and the Non-U.S. Holder may be subject to backup withholding tax (currently at a rate of 28%) on payments on the Mortgage Bonds or on the proceeds from a sale or other disposition of the Mortgage Bonds. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid the backup withholding tax as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is furnished to the IRS.

BOOK-ENTRY SYSTEM

We have obtained the information in this section concerning The Depository Trust Company, or DTC, and its book-entry system and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

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Each series of Mortgage Bonds initially will be represented by one or more fully registered global securities. Each global security will be deposited with, or on behalf of, DTC or any successor thereto and registered in the name of Cede & Co., DTC's nominee.

Investors may elect to hold interests in each global Mortgage Bond through either DTC in the United States or Clearstream Banking, société anonyme (Clearstream, Luxembourg) or Euroclear Bank S.A./N.V., as operator of the Euroclear System (the Euroclear System), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear System will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and the Euroclear System's names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Citibank N.A. will act as depositary for Clearstream, Luxembourg and JPMorgan Chase Bank, N.A. will act as depositary for the Euroclear System (in such capacities, the U.S. Depositaries).

You may hold your interests in a global security in the United States through DTC, either as a participant in such system or indirectly through organizations which are participants in such system. So long as DTC or its nominee is the registered owner of the global securities representing the Mortgage Bonds, DTC or such nominee will be considered the sole owner and holder of the Mortgage Bonds for all purposes of the Mortgage Bonds and the Mortgage. Except as provided below, owners of beneficial interests in the Mortgage Bonds will not be entitled to have the Mortgage Bonds registered in their names, will not receive or be entitled to receive physical delivery of the Mortgage Bonds in definitive form and will not be considered the owners or holders of the Mortgage Bonds under the Mortgage, including for purposes of receiving any reports that we or the Bond Trustee deliver pursuant to the Mortgage. Accordingly, each person owning a beneficial interest in a Mortgage Bond must rely on the procedures of DTC or its nominee and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder of Mortgage Bonds.

Unless and until we issue the Mortgage Bonds in fully certificated form under the limited circumstances described below under the heading "Certificated Mortgage Bonds" :

you will not be entitled to receive physical delivery of a certificate representing your interest in the Mortgage Bonds;

all references in this prospectus supplement or in the accompanying prospectus to actions by holders will refer to actions taken by DTC upon instructions from its direct participants; and

all references in this prospectus supplement or the accompanying prospectus to payments and notices to holders will refer to payments and notices to DTC or Cede & Co., as the registered holder of the Mortgage Bonds, for distribution to you in accordance with DTC procedures.

The Depository Trust Company

DTC will act as securities depository for the Mortgage Bonds. The Mortgage Bonds will be issued as fully registered securities registered in the name of Cede & Co. DTC is:

a limited-purpose trust company organized under the New York Banking Law;

a banking organization under the New York Banking Law;

a member of the Federal Reserve System;

a clearing corporation under the New York Uniform Commercial Code; and

a clearing agency registered under the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC holds securities that its direct participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through

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electronic computerized book-entry changes in direct participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC in turn is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (which are also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to indirect participants such as securities brokers and dealers, banks and trust companies that clear transactions through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

If you are not a direct participant or an indirect participant and you wish to purchase, sell or otherwise transfer ownership of, or other interests in the Mortgage Bonds, you must do so through a direct participant or an indirect participant. DTC agrees with and represents to DTC participants that it will administer its book-entry system in accordance with its rules and by-laws and requirements of law. The SEC has on file a set of the rules applicable to DTC and its direct participants.

Purchases of the Mortgage Bonds under DTC's system must be made by or through direct participants, which will receive a credit for the Mortgage Bonds on DTC's records. The ownership interest of each beneficial owner is in turn to be recorded on the records of direct participants and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which such beneficial owners entered into the transaction. Transfers of ownership interests in the Mortgage Bonds are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive physical delivery of certificates representing their ownership interests in the Mortgage Bonds, except as provided below in **Certificated Mortgage Bonds**.

To facilitate subsequent transfers, all Mortgage Bonds deposited with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Mortgage Bonds with DTC and their registration in the name of Cede & Co. has no effect on beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Mortgage Bonds. DTC's records reflect only the identity of the direct participants to whose accounts such Mortgage Bonds are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Book-Entry Format

Under the book-entry format, the Bond Trustee will pay interest and principal payments to Cede & Co., as nominee of DTC. DTC will forward the payment to the direct participants, who will then forward the payment to the indirect participants or to the beneficial owners. You may experience some delay in receiving your payments under this system.

DTC is required to make book-entry transfers on behalf of its direct participants and is required to receive and transmit payments of principal, premium, if any, and interest on the Mortgage Bonds. Any direct participant or

indirect participant with which you have an account is similarly required to make book-entry transfers and to receive and transmit payments with respect to Mortgage Bonds on your behalf. We and the Bond Trustee have no responsibility or liability for any aspect of the records relating to or payments made on

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account of beneficial ownership interests in the Mortgage Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Bond Trustee will not recognize you as a holder of any Mortgage Bonds under the Mortgage and you can only exercise the rights of a holder indirectly through DTC and its direct participants. DTC has advised us that it will only take action regarding a Mortgage Bond if one or more of the direct participants to whom the Mortgage Bond is credited direct DTC to take such action. DTC can only act on behalf of its direct participants. Your ability to pledge Mortgage Bonds to indirect participants, and to take other actions, may be limited because you will not possess a physical certificate that represents your Mortgage Bonds.

Certificated Mortgage Bonds

Unless and until they are exchanged, in whole or in part, for Mortgage Bonds in definitive form in accordance with the terms of the Mortgage Bonds, the Mortgage Bonds may not be transferred except as a whole by DTC to a nominee of DTC; as a whole by a nominee of DTC to DTC or another nominee of DTC; or as a whole by DTC or nominee of DTC to a successor of DTC or a nominee of such successor.

We will issue Mortgage Bonds to you or your nominees, in fully certificated registered form, rather than to DTC or its nominees, only if:

we advise the Bond Trustee in writing that DTC is no longer willing or able to discharge its responsibilities properly or that DTC is no longer a registered clearing agency under the Securities Exchange Act of 1934, and the Bond Trustee or we are unable to locate a qualified successor within 90 days;

an event of default has occurred and is continuing under the Mortgage; or

we, at our option, and subject to DTC's procedures, elect to terminate use of the book-entry system through DTC.

If any of the above events occurs, DTC is required to notify all direct participants that Mortgage Bonds in fully certificated registered form are available through DTC. DTC will then surrender each global security representing the Mortgage Bonds along with instructions for re-registration. The Bond Trustee will re-issue the Mortgage Bonds in full certificated registered form and will recognize the registered holders of the certificated Mortgage Bonds as holders under the Mortgage.

Global Clearance and Settlement Procedures

Initial settlement for the Mortgage Bonds will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear System, as applicable.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. Depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction

meets its settlement requirements, deliver instructions to its U.S. Depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. Depositaries.

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Because of time-zone differences, credits of Mortgage Bonds received in Clearstream, Luxembourg or the Euroclear System as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Mortgage Bonds settled during such processing will be reported to the relevant Euroclear Participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear System as a result of sales of the Mortgage Bonds by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear System cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear System have agreed to the foregoing procedures in order to facilitate transfers of Mortgage Bonds among participants of DTC, Clearstream, Luxembourg and the Euroclear System, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

UNDERWRITING

We have entered into an underwriting agreement with respect to the Mortgage Bonds with the underwriters listed below. Subject to certain conditions, each of the underwriters has severally agreed to purchase the principal amounts of Mortgage Bonds indicated in the following table:

Name	Principal Amount of 2018 Mortgage Bonds	Principal Amount of 2038 Mortgage Bonds
Barclays Capital Inc.	\$ 75,000,000	\$ 150,000,000
Banc of America Securities LLC	75,000,000	150,000,000
Greenwich Capital Markets, Inc.	75,000,000	150,000,000
BNP Paribas Securities Corp.	14,400,000	28,800,000
BNY Capital Markets, Inc.	14,400,000	28,800,000
KeyBanc Capital Markets Inc.	14,400,000	28,800,000
Lazard Capital Markets LLC	14,400,000	28,800,000
SunTrust Robinson Humphrey, Inc.	14,400,000	28,800,000
The Williams Capital Group, L.P.	3,000,000	6,000,000
Total	\$ 300,000,000	\$ 600,000,000

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the Mortgage Bonds are subject to certain conditions, including the receipt of legal opinions relating to certain matters. The underwriters must purchase all the 2018 Mortgage Bonds or the 2038 Mortgage Bonds, respectively, if they purchase any of the 2018 Mortgage Bonds or the 2038 Mortgage Bonds. However, the sales of the 2018 Mortgage Bonds and the 2038 Mortgage Bonds are not conditioned upon each other, and we may consummate the sale of one series and not the other, or consummate the sales at different times.

The Mortgage Bonds sold by the underwriters to the public will initially be offered at the initial prices to public set forth on the cover of this prospectus supplement and to certain dealers at those prices less a concession not in excess of (i) 0.40% of the aggregate principal amount of the 2018 Mortgage Bonds and (ii) 0.50% of the aggregate principal amount of the 2038 Mortgage Bonds. The underwriters may allow, and those dealers may reallow, a discount not in excess of (i) 0.25% of the aggregate principal amount of the 2018 Mortgage Bonds and (ii) 0.25% of the aggregate principal amount of the 2038 Mortgage Bonds to certain other dealers. If all the Mortgage Bonds are not sold at the initial prices to public, the underwriters may change the offering prices and the other selling terms.

The Mortgage Bonds are new issues of securities with no established trading market. We have been advised by the underwriters that the underwriters intend to make a market in each series of Mortgage Bonds, but they are not obligated to do so and may discontinue market-making at any time without notice. No assurance can be given as to the liquidity of any trading markets for the Mortgage Bonds.

In connection with the offerings, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the prices of the Mortgage Bonds. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater aggregate principal amount of Mortgage Bonds than they are required to purchase in the offerings. Stabilizing

transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market prices of the Mortgage Bonds while the offerings are in process.

These activities by the underwriters may stabilize, maintain or otherwise affect the market prices of the Mortgage Bonds. As a result, the prices of the Mortgage Bonds may be higher than the prices that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

The expenses of the offerings, not including the underwriting discounts, are estimated to be approximately \$500,000. The underwriters have agreed to reimburse us in an amount equal to \$1,350,000, including in respect of expenses incurred by us in connection with the offerings. We have agreed to indemnify the

underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

In the ordinary course of their respective businesses, some of the underwriters and/or their affiliates have in the past and may in the future provide us with financial advisory and other services for which they have and in the future will receive customary fees.

Lazard Capital Markets LLC (Lazard Capital Markets) has entered into an agreement with Mitsubishi UFJ Securities (USA), Inc. (MUS(USA)) pursuant to which MUS(USA) provides certain advisory and/or other services to Lazard Capital Markets, including in respect of this offering. In return for the provision of such services by MUS(USA) to Lazard Capital Markets, Lazard Capital Markets will pay to MUS(USA) a mutually agreed upon fee.

UK Selling Restrictions

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act (the FSMA) received by it in connection with the issue or sale of the Mortgage Bonds in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Mortgage Bonds in, from or otherwise involving the United Kingdom.

EEA Selling Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Mortgage Bonds which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the lead underwriters; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Mortgage Bonds shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Mortgage Bonds to the public in relation to any Mortgage Bonds in any Relevant Member State means the communication in any form and by any means of sufficient

information on the terms of the offer and the Mortgage Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Mortgage Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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EXPERTS

The consolidated financial statements and the related financial statement schedule of Duke Energy Carolinas, LLC incorporated in this prospectus supplement by reference from Duke Energy Carolinas Annual Report on Form 10-K for the year ended December 31, 2007 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedule of DCP Midstream, LLC as of and for the years ended December 31, 2006 and 2005, incorporated in this prospectus supplement by reference from Duke Energy Carolinas Annual Report on Form 10-K for the year ended December 31, 2006, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of TEPPCO Partners, L.P. as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005 have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The audit report dated February 28, 2006, except for the effects of discontinued operations, as discussed in Note 5, which is as of June 1, 2006, contains a separate paragraph that states that as discussed in Note 20 to the consolidated financial statements, TEPPCO Partners, L.P. has restated its consolidated balance sheet as of December 31, 2004, and the related consolidated statements of income, partners' capital and comprehensive income, and cash flows for the years ended December 31, 2004 and 2003.

LEGAL MATTERS

The validity of the Mortgage Bonds will be passed upon for Duke Energy Carolinas by Robert T. Lucas III, Esq., who is Duke Energy Carolinas Associate General Counsel and Assistant Secretary. In rendering his opinion, Mr. Lucas will rely upon in-house and/or outside South Carolina counsel to Duke Energy Carolinas on all matters of South Carolina law. Certain legal matters with respect to the offering of the Mortgage Bonds will be passed upon for Duke Energy Carolinas by Skadden, Arps, Slate, Meagher & Flom LLP, Washington, D.C. and for the underwriters by Sidley Austin LLP, New York, New York.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, file annual, quarterly and current reports and other information with the Securities and Exchange Commission, or the SEC. Such reports and other information can be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates from the Public Reference Section of the SEC at its Washington, D.C. address. Please call the SEC at 1-800-SEC-0330 for further information. Our filings with the SEC, as well as additional information about us, are also available to the public through Duke Energy Corporation's website at <http://www.duke-energy.com> and are made available as soon as reasonably practicable after such material is filed with or furnished to the SEC. The information on Duke Energy Corporation's website is not a part of this prospectus supplement. Our filings are also available to the public through the SEC website at <http://www.sec.gov>.

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information

incorporated by reference is considered to be a part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. This prospectus supplement incorporates by reference the documents incorporated in the accompanying prospectus at the time the registration statement became effective and all later documents filed with the SEC, in all cases

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as updated and superseded by later filings with the SEC. Duke Energy Carolinas incorporates by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the offerings are completed:

Annual Report on Form 10-K for the year ended December 31, 2007; and

Current Reports on Form 8-K filed January 10, 2008, January 11, 2008, and March 12, 2008.

We will provide you without charge a copy of these filings, other than any exhibits unless the exhibits are specifically incorporated by reference into this prospectus supplement. You may request a copy by writing us at the following address or telephoning one of the following numbers:

Investor Relations Department
P.O. Box 1005
Charlotte, North Carolina 28201
(704) 382-3853 or (800) 488-3853 (toll-free)

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Prospectus

Duke Energy Carolinas, LLC

Senior Notes

Subordinated Notes

First and Refunding Mortgage Bonds

From time to time, we may offer the securities described in the prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

We will provide specific terms of these offerings and securities in supplements to this prospectus. You should read carefully this prospectus, the information incorporated by reference in this prospectus and any prospectus supplement before you invest. This prospectus may not be used to offer or sell any securities unless accompanied by a prospectus supplement.

Investing in our securities involves risks. You should carefully consider the information in the section entitled Risk Factors contained in our periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our securities.

We may offer and sell the securities directly, through agents we select from time to time or to or through underwriters or dealers we select. If we use any agents, underwriters or dealers to sell the securities, we will name them and describe their compensation in a prospectus supplement. The price to the public of those securities and the net proceeds we expect to receive from that sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 3, 2007.

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REFERENCES TO ADDITIONAL INFORMATION

This prospectus incorporates important business and financial information about us from other documents that are not included in or delivered with this prospectus. This information is available for you to review at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website, www.sec.gov. You can also obtain those documents incorporated by reference in this prospectus by requesting them in writing or by telephone from the company at the following address and telephone number:

Duke Energy Carolinas, LLC
526 South Church Street
Charlotte, North Carolina 28202
(800) 488-3853
Attention: Investor Relations
www.duke-energy.com/investors

See "Where You Can Find More Information" beginning on page 16.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Duke Energy Carolinas filed with the SEC utilizing a shelf registration process. Under the shelf registration process, we are registering an unspecified amount of Senior Notes, Subordinated Notes and First and Refunding Mortgage Bonds, and may issue any of such securities in one or more offerings.

This prospectus provides general descriptions of the securities Duke Energy Carolinas may offer. Each time securities are sold, a prospectus supplement will provide specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. The registration statement filed with the SEC includes exhibits that provide more details about the matters discussed in this prospectus. You should read this prospectus, the related exhibits filed with the SEC and any prospectus supplement, together with the additional information described under the caption "Where You Can Find More Information."

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus to Duke Energy Carolinas, we, us and our or similar terms are to Duke Energy Carolinas, LLC and its subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on our management's beliefs and assumptions and on information currently available to us. Forward-looking statements include information concerning our possible or assumed future results of operations and statements preceded by, followed by or that include the words may, will, could, projects, believes, expects, anticipates, intends, plans, estimates or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those discussed elsewhere in this prospectus and the documents incorporated by reference in this prospectus. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we distribute this prospectus.

THE COMPANY

Duke Energy Carolinas, a wholly owned subsidiary of Duke Energy Corporation, generates, transmits, distributes and sells electricity. Its service area covers approximately 22,000 square miles with an estimated population of 6 million in central and western North Carolina and western South Carolina. Duke Energy Carolinas supplies electric service to more than 2.2 million residential, commercial and industrial customers over 97,000 miles of distribution lines and a 13,000 mile transmission system. In addition, municipal and cooperative customers who purchased portions of the Catawba Nuclear Station may also buy power from a variety of suppliers including Duke Energy Carolinas, through contractual agreements.

We are a North Carolina limited liability company. The address of our principal executive offices is 526 South Church Street, Charlotte, North Carolina 28202-1803. Our telephone number is (704) 594-6200.

The foregoing information about Duke Energy Carolinas is only a general summary and is not intended to be comprehensive. For additional information about Duke Energy Carolinas, you should refer to the information described under the caption **Where You Can Find More Information**.

RISK FACTORS

Investing in our securities involves risks. Before purchasing any securities we offer, you should carefully consider the risk factors that are incorporated by reference herein from the section captioned **Risk Factors** in our Form 10-K report for the year ended December 31, 2006, together with all of the other information included in this prospectus and any prospectus supplement and any other information that we have incorporated by reference, including filings made with the SEC subsequent to the date hereof. Any of these risks, as well as other risks and uncertainties, could harm our financial condition, results of operations or cash flows.

USE OF PROCEEDS

Unless stated otherwise in the applicable prospectus supplement, Duke Energy Carolinas intends to use the net proceeds from the sale of any offered securities:

to redeem or purchase from time to time presently outstanding securities when it anticipates those transactions will result in an overall cost savings;

to repay maturing securities;

to finance its ongoing construction program; or

for general company purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

	Period Ended June 30, 2007	2006	Year Ended December 31, 2005 2004 2003 2002			
	(Dollars in millions)					
Earnings as defined for fixed charges calculation						
Add:						
Pretax income from continuing operations(a)	\$ 379	\$ 890	\$ 980	\$ 910	\$ 783	\$ 1,121
Fixed charges	162	502	1,159	1,433	1,620	1,550
Distributed income of equity investees		215	473	140	263	369
Deduct:						
Preference security dividend requirements of consolidated subsidiaries		7	27	31	139	170
Interest capitalized(b)	10	18	23	18	58	193
Total earnings (as defined for the Fixed Charges calculation)	\$ 529	\$ 1,582	\$ 2,562	\$ 2,434	\$ 2,469	\$ 2,677
Fixed charges:						
Interest on debt, including capitalized portions	\$ 155	\$ 481	\$ 1,096	\$ 1,365	\$ 1,441	\$ 1,340
Estimate of interest within rental expense	7	14	36	37	40	40
Preference security dividend requirements of consolidated subsidiaries		7	27	31	139	170
Total fixed charges	\$ 162	\$ 502	\$ 1,159	\$ 1,433	\$ 1,620	\$ 1,550
Ratio of earnings to fixed charges	3.3	3.2	2.2	1.7	1.5	1.7

(a) Excludes minority interest expenses and income or loss from equity investees.

(b) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in the Consolidated Statements of Operations.

DESCRIPTION OF THE SENIOR NOTES

Duke Energy Carolinas will issue the Senior Notes in one or more series under its Senior Indenture dated as of September 1, 1998 (the Senior Indenture), as supplemented from time to time. Unless otherwise specified, the trustee

under the Senior Indenture will be The Bank of New York. The Senior Indenture is an exhibit to the registration statement, of which this prospectus is a part.

The Senior Notes are unsecured and unsubordinated obligations and will rank equally with all of Duke Energy Carolinas' other unsecured and unsubordinated indebtedness. The First and Refunding Mortgage Bonds are effectively senior to the Senior Notes to the extent of the value of the properties securing them.

The following description of the Senior Notes is only a summary and is not intended to be comprehensive. For additional information you should refer to the Senior Indenture.

General

The Senior Indenture does not limit the amount of Senior Notes that Duke Energy Carolinas may issue under it. Duke Energy Carolinas may issue Senior Notes from time to time under the Senior Indenture in one

or more series by entering into supplemental indentures or by its Board of Directors or a duly authorized committee authorizing the issuance.

The Senior Notes of a series need not be issued at the same time, bear interest at the same rate or mature on the same date.

The Senior Indenture does not protect the holders of Senior Notes if Duke Energy Carolinas engages in a highly leveraged transaction.

Provisions Applicable to Particular Series

The prospectus supplement for a particular series of Senior Notes being offered will disclose the specific terms related to the offering, including the price or prices at which the Senior Notes to be offered will be issued. Those terms may include some or all of the following:

the title of the series;

the total principal amount of the Senior Notes of the series;

the date or dates on which principal is payable or the method for determining the date or dates, and any right that Duke Energy Carolinas has to change the date on which principal is payable;

the interest rate or rates, if any, or the method for determining the rate or rates, and the date or dates from which interest will accrue;

any interest payment dates and the regular record date for the interest payable on each interest payment date, if any;

whether Duke Energy Carolinas may extend the interest payment periods and, if so, the terms of the extension;

the place or places where payments will be made;

whether Duke Energy Carolinas has the option to redeem the Senior Notes and, if so, the terms of its redemption option;

any obligation that Duke Energy Carolinas has to redeem the Senior Notes through a sinking fund or to purchase the Senior Notes through a purchase fund or at the option of the holder;

whether the provisions described under **Defeasance and Covenant Defeasance** will not apply to the Senior Notes;

the currency in which payments will be made if other than U.S. dollars, and the manner of determining the equivalent of those amounts in U.S. dollars;

if payments may be made, at Duke Energy Carolinas' election or at the holder's election, in a currency other than that in which the Senior Notes are stated to be payable, then the currency in which those payments may be made, the terms and conditions of the election and the manner of determining those amounts;

the portion of the principal payable upon acceleration of maturity, if other than the entire principal;

whether the Senior Notes will be issuable as global securities and, if so, the securities depositary;

any changes in the events of default or covenants with respect to the Senior Notes;

any index or formula used for determining principal, premium or interest;

if the principal payable on the maturity date will not be determinable on one or more dates prior to the maturity date, the amount which will be deemed to be such principal amount or the manner of determining it;

the date or dates after which holder may convert the Senior Notes into other securities of Duke Energy Carolinas and the terms for that conversion;