

circuit

in this issue

02 Taking Steps to Secure Region's Energy Future

03 Community Focus: Orange County, Fla.

05 New Center to Pioneer Next-Generation Automotive Power Systems

05 Progress Energy in Top Quartile in 2008 J.D. Power Business Customer Survey

REWARD[®] Program Hones and Highlights Rural South Carolina Manpower

Human factors remain atop the list of site selection criteria, with the quantity and quality of ready workers determining where new industrial projects land. As low-tech manufacturers idle some or all of their South Carolina facilities, arriving and expanding firms are eagerly snapping up the experienced, well-motivated workers left behind.

In most cases, however, workers must sharpen their skills around the needs of knowledge-based employers. Thanks to an innovative training solution known as Rural Economic Workforce Alliance for Resource Development (REWARD[®]) transitioning workers are able to do that within nine weeks. Funded by the S.C. Department of Commerce and private allies, REWARD is being offered by technical colleges in five rural South Carolina communities. The program produces modern, globally competitive workers whose skill-sets mirror the needs of local manufacturers. Upon completing the instructional portion of the program, REWARD participants undertake WorkKeys testing in order to certify their readiness for new jobs. "WorkKeys is industry's version of SAT scores," explained Sherrie Chapman, dean of continuing education at Northeastern Technical College in Cheraw, S.C.

Now in its fourth year, REWARD has produced 1,200 graduates, most of whom have gone on to jobs at growing manufacturers in the region such as Mohawk Industries, INA Bearing and Musashi SC. "When we can tell companies that we're able to guarantee their workforce, that's gives us a definite competitive advantage," said Cherry McCoy, executive director of the Chesterfield County Economic Development Board. REWARD focuses on such knowledge areas as workplace etiquette and team-working, but also hard skills like math and computer keyboarding. The curriculum was designed by industry representatives in collaboration with adult education professionals. "It is very much industry driven," said McCoy.

Business-oriented community colleges distinguish rural communities that prosper in the modern economy from those that lag, according to George Erickcek, senior regional analyst at the W.E. Upjohn Institute, a Michigan thinktank that researches labor market dynamics. "Rural workers have always had a strong work ethic and good mechanical sense," said Erickcek. But, as manufacturing becomes more knowledge-based, advanced skills are also needed. Partnerships between community colleges and local manufacturers offer rural communities a clear edge against competing metro areas and low-cost destinations abroad. "That's why the technical and community college networks in the Carolinas are the envy of most states," Erickcek said.

Top Site Selection Factors

Highway Accessibility (63.6%)

Availability of Skilled Labor (61.4%)

Labor Costs (51.2%)

Low Union Profile (50.4%)

Energy Availability and Costs (45.7%)

Environmental Regulations (43.7%)

Available Land (42.7%)

Tax Exemptions (41.8%)

State and Local Incentives (41.7%)

Availability of Advanced ICT Svcs (40.7%)

All percentages are the total of "very important" ratings received from corporate executive decision-makers polled for Area Development's Annual Corporate Survey 2007.



Progress Energy

Custom Packaging Inc.

Buncombe County, N.C.
Corrugated box manufacturing facility
\$4.5 million capital investment
12 jobs

International Knife & Saw

Florence County, S.C.
Manufacturer of industrial knives and saws
Capital investment (N/A)
15 jobs

Taking Steps to Secure Region's Energy Future

How is Progress Energy going to address concerns about global climate change while also meeting this region's growing demand for electricity?



*Gene Upchurch, Vice President
State Public Affairs &
Economic Development*

The biggest issue in the power industry today is how to address both demand growth and climate change while maintaining a secure supply, reliable service and affordable rates. At Progress Energy, we are confronting these new energy realities head on, and we have a balanced, collaborative approach to securing the energy future for our region.

We are actively engaged in the policy deliberations on the climate change issue at the

federal level and at the state level in the Carolinas and Florida. Clearly, this issue requires a national policy framework that can enable effective regional and state actions. Congress will likely pass some kind of climate legislation in 2009 or 2010.

We, along with many others, are advocating that the requirements be realistic and achievable and that the legislation limit the economic consequences of carbon limits to prevent rate shock to electricity users.

Meanwhile, we are implementing our three-part balanced solution strategy that positions us to meet the dual challenge of climate change and electricity demand growth. This strategy includes

aggressive energy efficiency, innovative alternative energy and state-of-the-art power plants. This is a diverse-portfolio approach that we believe will serve our region well in the years ahead, enabling the continued economic expansion and job growth that's so important to our customers.

What about the role of nuclear power in Progress Energy's future? Do you think you will build new nuclear plants?

The issue of global climate change strengthens the case for building new advanced nuclear plants in this country. It is the best option for adding power generation on a large scale that does not produce greenhouse-gas emissions. The United Kingdom recently authorized a new round of nuclear plants, and China and India are planning big expansions in their commercial nuclear programs.

For the last two years, Progress Energy has been taking steps to keep our option open to build two new nuclear plants, one in Levy County, Fla., and the other on the site of our existing Harris Nuclear Plant in Wake County, N.C. We filed the federal license applications for the Harris project earlier this year and plan to file the application for the Levy project in the third quarter of 2008.

The Levy project is on a faster timeline because more baseload power generation is needed sooner. We've also been encouraged by the strong political and regulatory support for new nuclear plants in Florida. If we get timely approvals and decide to move forward, we could have a new nuclear unit up and running in Levy County as early as 2016. The new Harris Nuclear Plant would not be online until 2018 or beyond.

JW Southwoods

Clarendon County, S.C.
Wood molding operation
\$2.5 million capital investment
65 jobs

Norseman Plastics, Ltd.

Osceola County, Fla.
Plastic products manufacturer
\$6.65 million capital investment
50 jobs

Community Focus: Orange County, Florida Emerging Technology Sectors Boost Economy

Millions around the globe are familiar with Orange County, Florida, long a leading international tourism destination. But business leaders are increasingly considering the county as home to modern corporations, technological innovation and cutting-edge biomedical operations. "We are known as one of the world's most visited tourism destinations, but we are so much more than that," said Declan Reily, vice president for business development at Metro Orlando Economic Development Commission (EDC), which serves Orange, Seminole, Lake and Osceola counties, as well as the City of Orlando.

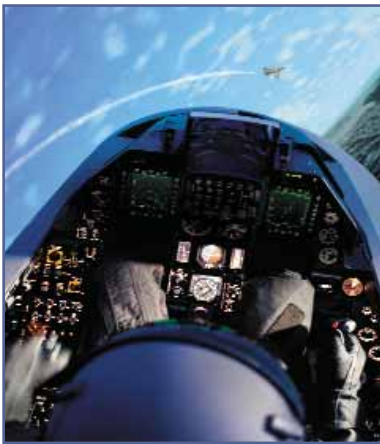


Photo courtesy of Lockheed Martin

Metro Orlando is recognized as the nation's epicenter for modeling, simulation and training (MS&T) technology.

No longer in the shadows of the region's massive visitor industry – photonics, simulation and digital media now account for a growing share of the county's economy. Anchoring them all has been the influential presence of the University of Central Florida (UCF), a 40,000-student campus that in the 40 years since its founding has blossomed into the nation's 6th largest university.

"There's been a lot of emphasis in Orange County on partnering with the university," explained Sean Snaith, director of the Institute for Economic Competitiveness at UCF's College of Business Administration. The rapid emergence of an enviable biomedical

"cluster" has stemmed from the creation of a new medical college at UCF, along with the arrival of the 300-employee Burnham Institute for Medical Research, a new 65-acre Veterans Affairs medical complex, and the recently opened 30,000-sq.-ft. Nemours Children's Clinic. Taken together, the developments total \$2 billion in new investment – over just 18 months. "These things usually take decades to happen, but they're occurring here in the span of just a couple years," Snaith said.

Another lucrative economic engine for Orange County is Central Florida Research Park (CFRP), a technology park spanning over 1,000 acres near UCF. "The park now has 10,000 employees and the capacity to house another 10,000," says Metro Orlando EDC's Reily. Chief among the park's residents is each branch of the U.S. military, with Pentagon programs accounting for \$4.6 billion in recurring revenues there.

The county has also embarked upon an aggressive "clean tech" strategy that aims to recruit and support environmental technology firms. "These are the companies building the products and offering the services that enable the world to go 'green,'" said John Lewis, economic development administrator for Orange County. With Cape Canaveral just an hour away, the county is able to attract leading energy and aerospace companies. In mid-2010, a new 61-mile transit rail system will connect residents and employers of Orange and three neighboring counties.

Olde Hearth Bakery

Seminole County, Fla.
Bakery for specialty breads and pastries
\$2.1 million capital investment
52 jobs

Premier Trailer Inc.

Lenoir County, N.C.
Horse trailer manufacturer
\$464,000 capital investment
55 jobs

Orange County Highlights

At a Glance

- Location: In the heart of Central Florida, 60 minutes west of the Atlantic Ocean and 90 minutes from the Gulf of Mexico
- Land area: 908 square miles
- Population: 1,079,524 (2007, est.)
- Workforce: 599,793 (Dec. 2007)
- Unemployment rate: 4.2 percent (Dec. 2007)
- Average household income: \$61,093 (June 2007)

Transportation

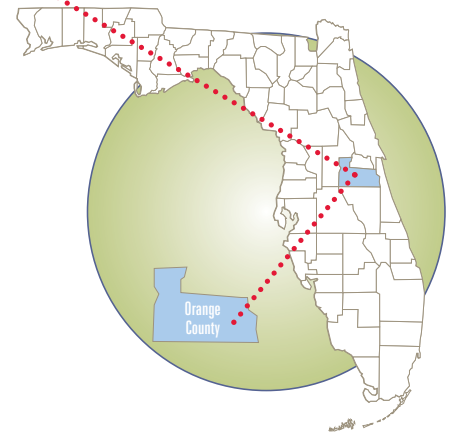
- Highways: I-4, Florida Turnpike, five state-route expressways and U.S. Highways 17, 92 and 441 (Orange Blossom Trail).
- Seaports: Port Canaveral, located 50 miles east. Other large port complexes at Fort Pierce, Manatee, St. Petersburg and Tampa.
- Air: Commercial air service available at Orlando International Airport (MCO), now the nation's 12th busiest airport. Orlando Executive Airport (ORL), a 1,056-acre aviation facility near downtown Orlando, serves private and corporate aircraft.
- Spaceport: County located within 60 miles of Cape Canaveral.
- Rail: County and region served by CSX Corporation Class 1 railroad, as well as Amtrak passenger service.

Education

- 192 public schools in the county serve over 175,000 students.
- In 2006-2007, Valencia Community College enrolled nearly 22,000 full-time equivalent (FTE) students.
- The University of Central Florida enrolls 48,699 students. Its new College of Medicine will enroll its charter class in fall 2009.



University of Central Florida College of Medicine



Major Industries

- A-1 Block Corp.
- Air Flow Designs, Inc.
- Datamax Corp.
- Electronic Arts, Inc.
- Lockheed Martin
- Nephron Pharmaceuticals Corp.
- Oracle Corp.
- Regal Marine Industries
- Sealy Stearns & Foster
- Siemens Westinghouse Power
- Tupperware Corp.
- Wheeled Coach Corp.

Quality of Life

- The \$425 million Orlando Performing Arts Center is on track to open in 2012. With sizable collections, the Orlando Museum of Art has been cited by *Newsweek* as one of the best art museums in the South.
- The county is home to world famous tourist attractions including Walt Disney World and Universal Orlando theme parks.
- The region offers a rich array of high-quality medical facilities, including Florida Hospital, and 1,780-bed Orlando Regional Healthcare.
- Year-round outdoor recreation includes 58 golf courses and numerous water sports. Spectator sporting events center around the NBA's Orlando Magic and two annual NCAA football bowl games.

Siemens Medical Products

Wake County, N.C.

High-tech medical equipment and services

\$60 million capital investment

300 jobs

WestPoint Home

Scotland County, N.C.

Regional distribution center expansion

\$3 million capital investment

100 new jobs; 100 retained jobs

New Center to Pioneer Next-Generation Automotive Power Systems

The need for sustainable, efficient transportation energy sources could spur a new industry for North Carolina. That is the thinking behind the creation of the Advanced Transportation Energy Center (ATEC) at North Carolina State University, an initiative announced in February by Governor Mike Easley. "It is time for us to take the lead in the new energy economy," said Easley, who unveiled the new center to an audience at the Emerging Issues Forum in Raleigh.

ATEC's establishment should hasten the widespread use of plug-in hybrid vehicles, which can travel as far as 100 miles on a single gallon of gasoline and reduce greenhouse gas emissions by 27 percent



Plug-in hybrid vehicles reduce mobile emissions while getting up to 100 miles per gallon.

per car. The initial focus of the center will involve testing and demonstrating "commercial or near-commercial" products, according to John Gilligan, vice president for research at N.C. State. "One of the

main motivations for forming ATEC is to address a major need in the electric power industry when large numbers of plug-in electric vehicles are coming into the marketplace," Gilligan said. The center will be based alongside N.C. State's Semiconductor Power Electronics Center (SPEC), which is already exploring advanced power generation devices and management microsystems.

Initial funding for ATEC will come from Progress Energy, which has pledged at least \$250,000 in assistance, as well as Charlotte-based Duke Energy. The center also intends to seek financial support from the Electric Power Research Institute and the U.S. Department of Energy.

Progress Energy in Top Quartile in 2008 J.D. Power Business Customer Survey

Progress Energy remained in the top quartile nationally among energy providers in the latest business customer satisfaction survey from J.D. Power & Associates.

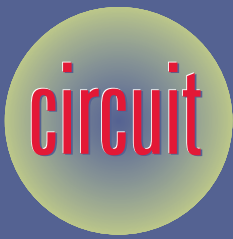
In the 2008 survey, Progress Energy ranked seventh nationally among 56 companies, up from 10th place last year. Scores were compiled from interviews with more than 13,500 business customers who spend between \$500 and \$50,000 per month with their electric utility.

In the competitive South region, Progress Energy ranked fourth of 13 utility companies in the 2008 survey. Companies rated in the survey range in size from major investor-owned companies to municipally owned distribution utilities.

"These survey results confirm that we are adding value for our important business customers," said Bill Johnson, chairman, CEO and president. "We are pleased but never satisfied, because we know that our

customers rely on us, and their expectations for our focus and performance increase every day."

The business survey based the overall ranking on six satisfaction factors: power quality and reliability, customer service, company image, billing and payment, price and communications.



is published quarterly by Progress Energy's State Public Affairs & Economic Development Department

Writer

Lawrence Bivins

Contributors

Wade Pridgen, Marc Hoenstine, Deborah Parker, Ginger Caporal

Mailing List

Contact Deborah Parker at 919.546.7943 or deborah.parker@pgnmail.com

North Carolina Office

410 S. Wilmington Street, PEB 1505
Raleigh, N.C. 27601

South Carolina Office

1755 Mechanicsville Hwy.
Florence, S.C. 29501

Florida Office

299 First Avenue N., PEF 163
St. Petersburg, Fla. 33701

progress-energy.com/economic

The Progress Energy Team

Gene Upchurch

Vice President – State Public Affairs & Economic Development
800.622.7562
gene.upchurch@pgnmail.com

Katherine Thomas

Director, Economic Development
800.622.7562 Fax: 919.546.7536
katherine.thomas@pgnmail.com

Carolinas

North Carolina

Pat Gilliard

919.546.5250
pat.gilliard@pgnmail.com

John Nelms

919.546.3162
john.nelms@pgnmail.com

Rodger Sauls

919.546.6653
rodger.sauls@pgnmail.com

Todd Tucker

919.546.2652
todd.tucker@pgnmail.com

South Carolina

Peggy McLean

843.661.4145
peggy.mclean@pgnmail.com

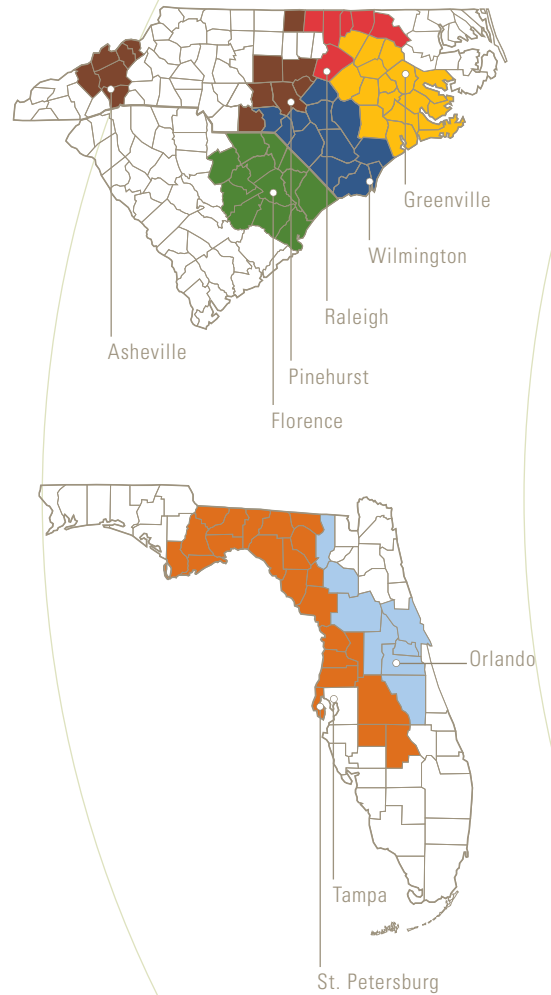
Florida

Michele Cavallo

727.820.5686
michele.cavallo@pgnmail.com

Marc Hoenstine

407.905.3443
marc.hoenstine@pgnmail.com



©2008 Progress Energy, Inc. SCO-025-08 3/08



Economic Development
410 South Wilmington Street, PEB 1505
Raleigh, NC 27601-1849

PRSR STD
US POSTAGE
PAID
PROGRESS ENERGY