

CURRENT LINES

FROM YOUR **PROGRESS ENERGY** ACCOUNT EXECUTIVE

WHAT'S INSIDE



1
Strategies for
Managing Rising
Energy Costs



2
Energy Efficiency
Pays Off
In Your World:
Marriott



3
Staying Current:
Q & A with
Bruce Barkley

These days, everyone is focused on energy expenses. At Progress Energy, we are determined to help you manage your business' electric usage and spending.

Some of the most effective assistance we can offer is our efficiency expertise. With our help, you can increase your business' efficiency, thereby reducing your monthly bill and perhaps qualifying for rebates and incentives.

For example, this issue's profile business, the Grande Lakes Orlando Marriott, has made a significant difference in their monthly bill by a combination of energy-saving systems and new equipment.

In Q & A, Bruce Barkley, manager of Fuel Forecasting and Regulatory Support, discusses the impact of rising fuel costs on electricity – and the steps we at Progress Energy are taking to offset the effect on our customers.

As your account executive, I am committed to helping you make best use of your energy dollars every day. For more information about these or any other programs please feel free to contact me.

Your Account Executive

At Progress Energy, we are working hard to ease the effect of rising energy costs on your business.

Strategies for Managing Rising Energy Costs

Chances are, your business is feeling the effects of rising fuel costs. You can see the impact ripple from manufacturing through transportation. Even the cost of electricity has gone up.

Why does the cost of fuel affect the cost of power? The reason is simple: To produce electricity, Progress Energy – like all utilities – depends upon a variety of fuels, most of which have risen dramatically in cost. The higher fuel charge on your bill is a direct reflection of those expenses; Progress Energy makes no profit from these charges.

Obviously, we can't do much about the global market conditions that are driving prices up. But at

Progress Energy, we are working hard to ease the effect on you and your business.

Of all our efforts, perhaps none is more significant than helping you improve your energy efficiency. "The benefits of efficiency are significant and far-reaching," said John Masiello, manager of Demand Side Management and Alternative Energy Strategies. "That's why we're determined to do everything we can to help you save money and make your business more efficient."

Continued on back ▶



Progress Energy

People. Performance. Excellence.

In Your World

Energy Efficiency Pays Off: Marriott

“Being more efficient has helped us create an even more comfortable, welcoming environment for our guests.”

— Kenny Thomas

Quick Facts:

\$300,000

The hotel's monthly power bill

\$21,000

Amount saved per month through energy-efficiency programs

Marriott's outstanding reputation for service and hospitality is well known. But behind the scenes is another, equally outstanding reputation – this one for energy efficiency.

Marriott International was named an Energy Star Partner of 2005 by the Environmental Protection Agency for their companywide commitment to energy savings. Last year, the company implemented programs that saved 80 million kWh of electricity and reduced greenhouse emissions by 64,000 tons.

Here in Florida, Marriott has demonstrated their commitment to energy efficiency at a variety of properties, including the Grande Lakes Orlando.

“We look at everything, from building materials to daily systems, as an opportunity to be more innovative and intelligent in our use of energy and overall environmental resources,” said Kenny Thomas, director of Engineering.

Set on a 500-acre estate, the Grande Lakes Orlando resort features two hotels, the Ritz-Carlton and JW Marriott. Though the hotels are separate, they share many facilities, giving guests access to 11 lounges and restaurants, an 18-hole golf course, a lazy river pool and one of Orlando's most spacious and luxurious spas.

The two hotels also share Kenny Thomas and his engineering staff.

“From an engineering viewpoint, it's much more efficient for us to work as one department,” said Thomas. “The scale of operations here is tremendous. Our power bill runs \$300,000 a month. Right now our efficiency programs are saving us 7 percent – enough to offset rising fuel costs plus the expenses of our 18 percent increased occupancy. To keep making

that kind of impact, it's important for us to be able to see the effect of all energy-related decisions as a whole.”

For example, changing the schedule of one outdoor light might, at best, save a few pennies. But synchronizing every outdoor light in the resort with a computerized program that allows for weather, daylight savings time and other factors adds up to big savings. By the same token, shifting one golf cart recharging session to an off-peak hour saves a little. Shifting all the recharging to overnight saves significantly.



In addition to the power bill savings, the Marriott often also benefits from incentives and rebates from Progress Energy.

The resort recently added three 1,100-ton high-efficiency chillers. Not only do these save energy every day, they also came with \$30,000 in rebates. The Marriott is installing a new

air-cooled chiller for which it will receive \$8,000 in rebates.

“We rely on Progress Energy not only for our power every day, but also for the information and advice we need to make good decisions when we're upgrading or adding equipment,” said Thomas.

But for Thomas the best aspect of saving energy is not the money. It is the fact that they are able to make these types of changes while maintaining – and often even improving – the comfort of their surroundings. “Every day, I think we prove that energy efficiency is good business – and good hospitality. Being more efficient has helped us create an even more comfortable, more welcoming environment for our guests. And that's exactly what we're here for.”

Staying Current Q & A with Bruce Barkley

Why are we seeing such a dramatic rise in fuel costs?

Many factors affect the individual markets of oil, gas and coal. But the bottom line is basic supply and demand. The worldwide economy is demanding more and more fuel. At the same time, various political, environmental and even weather-related conditions are inhibiting the expansion of supply.

Why is the rising cost of fossil fuel affecting my power bill?

All electrical plants, except in areas fortunate enough to utilize hydroelectric power, require some form of fuel to turn the turbines and generate electricity. When many of those fuels become more expensive both to acquire and to transport, the cost of generating electricity goes up as well.

The charges you see on your power bill are a direct reflection of the higher fuel costs we have to pay in order to acquire fuel to generate electricity. Progress Energy makes no profit on these charges.

What is Progress Energy doing to control these fuel expenses?

Our focus is always on making best use of our fuel dollars to give customers the most power for theirs.

We very aggressively seek out the best prices for the fuels we use, using multiple suppliers and transportation methods. We also lock in good prices with long-range contracts to help protect our customers against future volatility.

We maintain the most diverse mix of plants in Florida – oil, gas, coal and nuclear – so we are not dependent on any single fuel source and can better weather the instability of individual markets. We also operate our power plants in a highly efficient manner. Our nuclear and fossil availability factors for the first three quarters of 2005 were 99 percent and 90 percent. This compares favorably with the

North American Electric Reliability Council averages of 88 percent and 85 percent for nuclear and fossil plants, respectively.

Lastly, we're always willing to think outside the box – or system. In some cases, it is actually cheaper to buy power than to produce it. When that happens, we pursue the most cost-efficient option on our customers' behalf.

What is the long-range outlook for fuel prices?

Everyone wishes they could answer that! But here's what we do know:

1. The oil market will probably continue to be unstable.
2. The days of cheap, easily accessible natural gas are likely gone forever. Supplies remain, but changes in both technology and regulations are needed to more easily access them.
3. Coal pricing is expected to remain relatively stable. Behind nuclear, it will probably remain the least-expensive option.

We must weigh these factors, and many others, as we strive to meet tomorrow's increased demand in ways that are reliable, economical and environmentally friendly. We are carefully evaluating our current generation capacity against the changing landscape of new growth, unstable energy markets and government regulations. And we're assessing the potential of new technologies such as alternative fuel sources and next-generation nuclear power, which is highly efficient and non-emitting.

In short, our long-range strategy is this: We will never waver in our commitment to deliver the most reliable and cost-effective fuel for meeting our customers' needs today – and every day into the future.

Q and A

Bruce Barkley,
manager of Fuel
Forecasting and
Regulatory Support,
discusses the impact
of rising fuel costs
on electricity.

“Our focus is always on making best use of our fuel dollars to give customers the most power for theirs.”

– Bruce Barkley

Strategies for Managing Rising Energy Costs continued from page 1



Increasing energy efficiency helps reduce your usage, and thus your monthly bill. You may also qualify for special incentives and rebates from Progress Energy that add up to even greater savings.

When many businesses like yours increase their efficiency, we at Progress Energy are able to maximize our existing generation capability and better manage our fuel expenses. And that, in turn, helps control the overall cost of power for everyone.

To start reaping these benefits, ask your account executive for a Business Energy Check. Our experienced staff and engineers will assess your energy usage, including heating and cooling systems, lighting and other energy-specific operations. Depending on your situation, we can recommend cost-saving measures, many of

which qualify for rebates and incentives.

Another great way to measure – and manage – your energy use is our free online Energy Resource Center. See below for more details.

The savings will benefit your individual business – and the whole service area. Since 1981, our various energy-efficiency programs have reduced demand by 1,500 megawatts, eliminating the need for 17 additional peaking power plants. That's an emissions savings equivalent to removing almost 100,000 older cars from the road each year.

"The truth is, energy efficiency is a prudent business decision. It benefits everyone – your business, your customers, the community at large," said Masiello.

Not only that, but energy efficiency may well be our most effective tool in coping with the changing energy climate. "There's never a time when energy efficiency isn't worth pursuing," said Masiello. "Fuel costs may fluctuate, but being more energy efficient prepares you to handle whatever might happen in the future."

"We're determined to do everything we can to help you **SAVE money and make your business more **efficient.**"**

– John Masiello
Manager of Demand Side Management
and Alternative Energy Strategies

Log on to our Energy Resource Center

- Free Internet site specifically designed for our business customers
- Monitor and track payments, manage power use, access other energy-saving resources
- Contact your account executive for your free user ID and password

Visit the commercial customer area of our Web site at progress-energy.com



Progress Energy

People. Performance. Excellence.