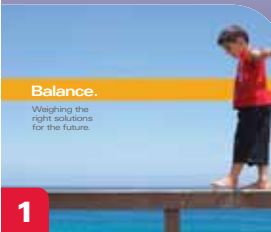


CURRENTLINES

FROM YOUR PROGRESS ENERGY ACCOUNT EXECUTIVE

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The success of any business depends on planning for the future and making the right investments along the way. With growth comes challenges and opportunities to stay on top of the game that, handled correctly, pay off with the success of customer satisfaction.

At Progress Energy we know that you depend on us for reliable power, and we are committed to meeting your needs and growing with you. In this issue of CurrentLines, we will share with you some of the important initiatives we're undertaking to proactively address the issues of increased demand for electricity and environmental stewardship.

Increased energy efficiency is important to everyone: It preserves our resources and saves our customers money on their energy bills. We're pleased to tell you about the Leadership in Energy and Environmental Design (LEED) program offered through the U.S. Green Building Council and how it paid off for the city of Dunedin. Please feel free to contact me at any time for information on how Progress Energy's energy-efficiency incentives can pay off for your business.

Progress Energy
CIG Account Management

Powering the future continued from page 1

► more options for our customers – but they cannot meet all the additional electricity demand of the coming years. Building new power plants and upgrading existing plants are important parts of our balanced solution. Here are two very important projects we're working on now to prepare for the future.

Potential baseload site in Levy County

In December, Progress Energy announced the selection of a site in southern Levy County as the preferred location for a nuclear plant – if the decision is made in the future to build a plant. If built, the plant would run 24 hours a day, producing electricity to meet basic, constant demand.

"The site selection is not a decision to build a nuclear plant," said Jeff Lyash, president and CEO of Progress Energy Florida. "That decision won't be made for a year or longer. But it is a critical step in ensuring that nuclear power remains open and viable for future years."

The Levy County site was chosen, after a comprehensive evaluation of a number of prospective sites around the state, based on an assessment of the major siting criteria: land, access to sufficient quantities of water (from the Gulf of Mexico), access to the electric transmission system, and an overall evaluation of environ-

mental considerations. The site is located about eight miles from the company's Crystal River Nuclear Plant, so building there would be an extension of what we've been doing safely in the region for many years.

The site will be undergoing further detailed assessments in the coming months. Progress Energy has begun the process of developing a combined operating license for a potential nuclear plant. If the license application is



approved by the Nuclear Regulatory Commission – and if the decision to build is made – clearing and construction would begin in 2010, and the new plant could be online around 2016.

"If and when we build a new nuclear plant, it will incorporate state-of-the-art technology to support our continued rock-solid commit-

ment to the safety of our communities and the environment we share," said Lyash.

Seeking cleaner, newer ways to produce electricity

The company is in the process of repowering its Bartow Power Plant on Weedon Island in Pinellas County to increase electricity output and provide cleaner air. By changing the site's fuel from oil to natural gas, we will greatly reduce sulfur dioxide and nitrogen oxide air emissions. The investment will also increase the plant's generating capacity significantly – from 484 megawatts to 1,159 megawatts, ensuring a reliable resource for this high-growth area.

Part of this project involves upgrading several miles of underground electric transmission power lines. This will help increase system reliability and ensure the additional electricity can be transported to our customers efficiently.

"These are important steps in continuing to meet the needs of our valued customers reliably and efficiently in the years and decades ahead," said Lyash. "We're working to ensure that reliable energy remains one thing our customers don't have to worry about."



In Your World

Leadership in Energy and Environmental Design (LEED) Program

Dunedin Community Center a Model of Green Building

“The value and benefits are long term... In five years, our investment will have been paid off by reduced energy costs.”

— Tom Burke
Dunedin's city engineer



When the city of Dunedin set out to replace its 1970-era community center, leaders and planners had one major goal – to build green. With every step of the project from demolition through construction and landscaping, the team wanted an energy-efficient center built to standards that would reduce its impact to both the natural environment and the health and productivity of citizens inside the facility.

The city's architects, Collman & Karsky, Inc., suggested building the center from scratch using the guidelines set forth by the U.S. Green Building Council (USGBC), a nonprofit organization with nearly 91,000 members representing every sector of the building industry. The USGBC developed the Leadership in Energy and Environmental Design (LEED) program for high-performance green buildings that are healthier, more environmentally responsible and, ultimately, more profitable. The LEED program emphasizes state-of-the-art strategies for sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality – everything city officials wanted for the new center.

City officials knew that the initial costs would be marginally higher, but they felt very strongly about investing in efficiency. “It used to be all about costs, but now it's about cost and efficiency,” said Tom Burke, Dunedin's city engineer. “Attention to detail and building efficiency into the plan from the get-go offset future costs.”

At the beginning of the demolition process, the city's construction manager, Creative Contractors, Inc., assessed ways to conserve. Their efforts resulted in the recycling and recovery of 70 percent of the old structure's materials – preventing nearly 2.3 million pounds of landfill waste. More than 15 percent of the new materials used were either post-industrial or post-consumer recycled goods. Building and materials contracts were awarded to local vendors, reducing

the amount of fuel used for transport by 41 percent while supporting the local economy.

Once the shell of the new center was erected, contractors and engineers set about installing features that would conserve resources in every part of the building. They used energy-efficient lighting, high-performance insulated reflective windows, heat-reflective roofing materials and large amounts of high R-value roof and wall insulation that, combined, are expected to make the building 29 percent more efficient – which will save the city around \$34,000 per year in reduced electricity use. The energy-efficiency cool roof materials also earned the city a \$2,750 rebate from Progress Energy.

The building's climate is controlled by a chiller-based HVAC system backed by an onsite generator to provide backup power during storms. The air-conditioning system was designed to the highest green standards, using new refrigerants that comply with strict requirements to protect the ozone layer. The comfort of occupants was a major factor, but so was their health: The system automatically monitors CO₂ levels in the building and helps to prevent mold and mildew growth. High-efficiency HEPA maintenance equipment, green certified for emissions, was installed to filter and clean the indoor air.

Coming in at a cost just under \$10 million, the new 42,624-square foot Dunedin Community Center is on schedule to be the first municipal building in Hillsborough and Pinellas counties to achieve LEED program certification. It opened to the public in January 2007.

“The value and benefits are long term,” said Burke. “In five years, our investment will have been paid off by reduced energy costs. It's as good a value as the city could have hoped for.”

Staying Current

Q & A with Patricia West

An Environmental Update

How is Progress Energy improving air quality in Florida?

Progress Energy is spending more than \$2 billion in Florida and the Carolinas to comply with the federal Clean Air Interstate Rule and the Clean Air Mercury Rule.

In Florida, we currently expect to invest approximately \$736 million in capital costs for environmental improvements through 2016, including installing technologies that will significantly reduce sulfur dioxide (SO₂) emissions, which can lead to acid rain, and reduce nitrogen oxide (NO_x) emissions, which can lead to the formation of ozone. After the controls are installed at our Crystal River Energy Complex SO₂ emissions will be reduced by approximately 60 percent per year, and NO_x emissions by about 50 percent per year. Mercury emissions will also be reduced between 40 to 45 percent per year from current levels.

In addition, the Bartow power plant is also about to be “repowered,” and will utilize natural gas as a fuel source rather than the oil it currently uses. This change in fuel supply will result in an 80 percent reduction (25,000 tons) of regulated air emissions.

Energy efficiency and conservation also play an important role in improving air quality. Through implementation of energy-efficiency programs, Progress Energy and our customers prevented 7 million tons of carbon dioxide emissions between 1981 and 2006. These programs include residential as well as commercial facilities and have saved customers nearly \$825 million since 1981.

What investments is Progress Energy making into new types of energy?

Progress Energy is actively seeking energy-efficiency measures, new generation options and alternative energy sources. In 2006, we signed a 25-year contract to generate power using a fast-growing, bamboo-like plant known as e-grass™, which will reduce our need for coal by nearly 9 million tons over the life of the project.

We have signed contracts for renewable projects that will increase the amount of renewable energy we purchase in Florida by 81 percent by 2009. We are also in negotiations to purchase an additional 100 megawatts of renewable generation in the Carolinas – more than double the amount of renewable energy we purchase today – by 2012.

Approximately 5 percent of Progress Energy's power production is from alternative sources: municipal solid waste, exothermic heat recovery and biomass.

What about water conservation?

Water use and conservation is a very important issue in Florida, and we have looked for ways to use water efficiently in generating electricity. For example, to offset the need for groundwater, our Hines Energy Complex in Polk County generates power using reclaimed water from the city of Bartow's wastewater treatment plant and captured stormwater runoff from the plant site. Efforts are also under way at the site to restore and revitalize areas previously mined for phosphate. We are working with the state of Florida on maintaining this property, which has included placing some of the land in conservation easements.

Patricia West,
manager of
Environmental
Services Supply for
Progress Energy
Florida, talks with us
about the company's
environmental
initiatives.

“Through implementation of energy-efficiency programs, Progress Energy prevented 7 million tons of carbon dioxide emissions between 1981 and 2006.”

— Patricia West

For more information on the LEED Program and to find your local chapter contact:

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