

CURRENT LINES

FROM YOUR **PROGRESS ENERGY** ACCOUNT EXECUTIVE

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No business operates in a vacuum. We are all part of a larger economy and community. Volunteerism, community involvement and good corporate citizenship are increasingly central to the way we all work today.

In this issue of CurrentLines, you'll learn more about a priority at Progress Energy that you no doubt share – working with our communities to build and sustain the quality of life we all want for our children and our children's children. You'll also read about Regal Marine, a local company whose management credits its outstanding success on building strong relationships with employees and customers.

Jeff Lyash, the new president and CEO of Progress Energy Florida, answers questions about Florida's energy future in this issue's Q and A. With the demand for energy growing, this is a time of great challenge. But at the same time, Progress Energy's long-standing commitment to our customers and our communities will guide our decisions as we find the right balance for the future.

Progress Energy
CIG Account Management

**Over the past
six years, we've
invested more than
\$76 million in our
local communities
through our grant
programs.**

Progress Energy: Working for our communities.

Like you, we understand that few things are more central to running a successful business than the simple phrase: Know your customer.

In fact, as a local company with a long history here in Florida, knowing our customers is an integral part of how we work every day. Our customers are also our neighbors, co-workers and fellow members of the community. For us, knowing our customers means looking at our business through their eyes, understanding and supporting efforts that will help them and our communities thrive today and into the future.

As a company, that means creating programs that will have a positive impact throughout the community. For example, we recently initiated an innovative pilot project to assist families in low-income neighborhoods with rising energy

bills through free energy-efficiency improvements and bill-lowering education and advice.

Our company also actively works to expand and support the business community through our economic development and supplier diversity efforts, creating targeted initiatives to bring in more jobs and opportunities. We have taken a leadership role in the revitalization of downtown St. Petersburg with our new corporate headquarters, mixed-use development and the Progress Energy Center for the Arts, setting up a positive ripple effect throughout the local economy.

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 **Progress Energy**
People. Performance. Excellence.

In Your World

Family values. Family business. Regal Marine.



“We believe that if we take care of our people, it will be reflected in the quality of our product and the success of our business.”

– Duane Kuck

Can a business achieve significant financial success while holding steadfast to its principles? Judging by Regal Marine, the answer is a resounding yes.

In fact, Duane Kuck, son of co-founder Paul Kuck, feels the company’s success is in large measure a direct result of its employees’ adherence to core values. “We are committed to integrity in every aspect of our business,” said Kuck. “And the results show in our products, our reputation and our relationships.”

In 1969, Paul and Carol Kuck moved from Wisconsin to Florida with their life savings of \$60,000 and the determination to build a company that reflected both their love of boating and their ethical principles.

In those early days, the company’s entire workforce could have boarded one of its smallest crafts. Today, Regal is one of the largest remaining family-owned-and-operated companies in the highly competitive boat manufacturing industry.

At a time when many boat builders have struggled, Regal continues to excel with cutting-edge design, safety and performance and annual revenues that topped \$160 million in 2005. Regal is the top-ranked manufacturing company in central Florida, according to Orlando Business Journal’s Golden 100 list of privately held companies, employing approximately 800 workers at two facilities.

Also expanded is the company’s product line. Today, Regal creates a wide range of luxury performance boats from 19 to 44 feet, from small runabouts to the world-class Commodore express cruisers. On the horizon are larger luxury models such as a 52-foot Express Cruiser. Equally expanded is Regal’s distribution. Currently, Regal sells to customers in 45 nations, with particularly brisk sales in Australia, the United Kingdom, Italy and Spain.

Paul and Carol’s sons, Duane and Tim Kuck, have continued the family tradition of technological

excellence and award-winning quality. For example, Regal received the industry’s prized IMTEC award for its FasTrac hull design and achieved the highly coveted ISO 9001:2000 certification, the globally accepted standard for quality.

Yet for all the company’s forward thinking, the Kucks continue to credit their success to old-fashioned principles and values, including a strong commitment to their workforce. As part of its recent expansion, the firm is constructing the Regal Family Center, a site that will encompass fitness, education, counseling and other services for employees, their families and the surrounding community. “We believe that if we take care of our people, it will be reflected in the quality of our product and the success of our business,” said Duane Kuck.

It also means making a commitment to the company’s distributors and customers, creating a high-quality product and standing behind it with outstanding customer service, including regular family-style newsletters and other communications. “Regal owners are among the most loyal in the industry,” said Tim Kuck. “That’s because our product and our dealers are meeting – and hopefully in many cases exceeding – their expectations.”

In fact, like Progress Energy, Regal has been recognized by J.D. Power and Associates for outstanding customer service. “Our companies share a strong commitment to our customers,” said Progress Energy account representative Patty Salvatore. “For both of us, it’s not about a one-time sale, but about building a long-term relationship.”

According to Duane Kuck, the accolades the company receives are the direct result of building such relationships upon strong, abiding values. “We’re a family business, and we treat our employees, distributors and customers the way we’d want our family to be treated – with respect, honesty and integrity. And it shows.”

Staying Current Q & A with Jeff Lyash

What do you see as the most important issues currently facing Florida?

Progress Energy has a long history in this state, more than 100 years. For much of that time, there was very little change in the electric utility industry or the state. But in the last 20 years, we've seen rapid change – explosive population growth, developing technology and dramatic changes in customer expectations. Before the advent of computers, a one-second blip was hardly noticed by anyone. Now it has a huge impact due to the number of highly sensitive electronics in our lives. Plus, we're all using more electricity than ever, in our homes, our businesses – everywhere.

That's our challenge at Progress Energy Florida. To address all those changing needs and expectations with the best long-term solution for our customers and our communities.

How will Progress Energy Florida meet those changing needs?

Florida is adding 1,000 residents a day. People's lives are becoming more energy intensive. We're all becoming more environmentally and politically aware of the impact of some of our energy choices.

With so many factors to weigh, we really have to look down the road, and ask ourselves what mix of new generation, energy efficiency and technology it will take to meet tomorrow's demands. There's no single stand-alone solution; instead, it's all about balance. Finding the right balance of increased energy efficiency, emerging energy technologies and sources, as well as new power plants is critical to a stable and reliable energy future for our customers.

Why is energy efficiency an important part of that balanced solution?

Energy efficiency is critical for our customers. No business can afford to waste money – which is

exactly what happens when you aren't energy efficient. Future market conditions are likely to keep energy prices higher than they were in the past which makes using your energy dollars wisely more important than ever.

At Progress Energy, we perform thousands of business energy audits every year to help all kinds of businesses use energy more efficiently. These audits are free. All you have to do is ask your account representative.

When the whole community is using energy more wisely, it reduces the need for additional power plants, which in turn is good for our operations and the environment. A win-win situation.

If energy efficiency is so effective, why are new power plants also part of that balanced solution?

Florida is a developing state. Our local economy is growing. Businesses need reliable power at stable prices to take advantage of the growing economy. And it's our responsibility to meet that need.

To do that, we're exploring new technologies – like solar, biomass and hydrogen. You may have heard that we recently signed an agreement to produce power from burning a special type grass. Innovations like this have exciting potential for the future.

But given the growing level of demand, and the need to meet that demand 24 hours a day, we have to look at all options. That's why we're taking the right steps today to ensure we keep all options open for the future, including the possibility of new power plants. Because doing everything necessary to fulfill our responsibilities to our customers – today and tomorrow – is our top priority.

Q & A

Jeff Lyash, recently named as president and CEO of Progress Energy Florida, shares his thoughts regarding Florida's future energy needs.

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– Jeff Lyash

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- ▶ Other important ways we give to the community are through our grant programs and the gifts of both time and money by our individual employees.

Since becoming Progress Energy in 2000, we have provided more than \$76 million to our local communities through grants and matching funds for contributions given by our employees. In fact, this year our employees pledged more than \$2 million to local causes and volunteered countless hours to many worthy causes.

One of the many areas where we have been highly involved, both as a company and as individuals, is education. Our grants support education foundations in 26 Florida counties, improving teacher training and retention, and providing meaningful learning opportunities for thousands of students. Some of our grants have given students the chance to learn more about the science of energy, including hydrogen and solar power, so that perhaps one day they will lead our communities in the development of new energy sources.

In addition to this financial support, many employees regularly give their own time to

area students. Marty Sorrentino, a longtime mentor in the Pinellas County Schools and Senior Engineer at Progress Energy, puts it this way: "When the kids I tutored passed their math FCATs, I was as proud as they were. For



Relay for Life

me, being a part of their lives is one of the most meaningful things I've ever done."

That's a feeling shared by many within the company. Which is why so many employees choose both to give money to groups like Habitat for Humanity and to pick up a hammer for local building projects. As volunteer council coordinator for Crystal River Energy Complex during the last two years, Kathleen Morse has

had the opportunity to work with fellow employees on a variety of projects. "Giving our time to local Relay for Life events and building a facility for the Blind Americans organization has helped us really see the difference we're making for people in the community," she said.

Many Progress Energy employees also feel personally connected to our signature program, the Energy Neighbor Fund. "I think that working at a power company, we are especially aware of how critical energy is to the running of people's day-to-day lives," said Buddy Eller, manager, Florida Communications. "That's why so many of us give regularly to the fund and help make sure that the low-income families in our community are able to pay their energy costs."

In short, at Progress Energy, actively supporting our communities is business as usual. Because whether we're working to deliver reliable power, to develop the local economy, or to build a home for a needy family, the goal is the same: to strengthen and support the communities we share.

Energy Neighbor Fund

This season, consider a gift that will bring comfort to those in need. Your contribution to the Energy Neighbor Fund will help low-income families in your community who are struggling to pay their energy costs. See progress-energy.com/community for more information.



Progress Energy

People. Performance. Excellence.