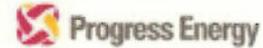


Community Energy Advisory Council



Mission Statement

The Community Energy Advisory Council (CEAC) will be a forum for open and active communication between Progress Energy Carolinas (PEC) and community leaders, customers and other key stakeholders in Progress Energy's Western North Carolina service territory. The CEAC has been created to facilitate two-way communication, understanding and advice on the development of long-term strategies to meet the growing energy demands of the region and to promote community understanding of, and support for, a balanced approach to meeting those demands.

Purpose

To meet the growing demand for electricity in Western North Carolina, Progress Energy Carolinas currently has a contract with Ohio-based American Electric Power for energy to meet a portion of our customers' needs in the region. That contract will expire at the end of 2009 and cannot be extended. To ensure adequate supplies in the near term, Progress Energy has signed a contract and are buying from Southern Power Company (a subsidiary of Southern Company based in Atlanta) for 250 megawatts of capacity and energy through 2011.

Progress Energy had worked with the Town of Woodfin and Buncombe County to site a peak-use generating facility to use during peak-demand periods after the AEP contract expires. But that effort was pulled from consideration after extremely adverse reaction from the community.

Progress Energy must continue to plan for meeting the needs of the growing region, and the company is evaluating various options for ensuring a reliable supply of electricity in the future.

History

Progress Energy created the CEAC in spring 2007 and appointed its first 18 members. PEC named the citizens panel to help the company implement energy-efficiency programs (to meet an aggressive goal of 2,000 megawatts of efficiency, announced in May 2007) and to advise the company on plans to meet the region's electricity demands reliably, affordably and in an environmentally sound manner.

CEAC functions as an advisory group. It was designed to ensure a continuous dialogue between a diverse panel of local citizens and the company on critical energy issues facing the region and to help the company develop the best overall plan for meeting the region's needs responsibly and efficiently.

CEAC meets monthly. Meetings are open, and public comment is always a part of the agenda.

Membership

The diverse panel currently includes 23 members who represent local government, environmental organizations, renewable energy companies and area businesses. They are:

Terry Albrecht, Waste Reduction Partners
Jonah Bucher, Clean Air Community Trust
Robin Cape, Asheville City Council
Isaac Coleman, Asheville Housing Authority
Vernon Daugherty, A-B Tech Community College
Richard Fireman, Interfaith Power & Light
Patrick Fitzsimmons, American Red Cross
Margo Flood, Warren-Wilson College
Charles Gaither, Milkco
Lee Galloway, Waynesville Town Manager
Harry Harrison, YMI Cultural Center
Dave Hollister, Sundance Power
Jeff Loven, French Broad EMC
Richard Lutovsky, Asheville Area Chamber of Commerce
John Oswald, Mills Manufacturing
Sandy Pfeiffer, Warren-Wilson College
Chuck Pickering, The Biltmore Company
Nathan Ramsey, Buncombe County Commissioners
Larry Shirley, NC State Department of Energy
Michael Shore, FLS Energy
LaVoy Spooner, AT&T
Paul Szurek, Biltmore Farms
Maggie Ullman, City of Asheville

Work Background

Early meetings focused on learning about the energy profile of Western North Carolina, how Progress Energy makes resource planning decisions, and how the regulatory process operates in North Carolina.

In February, the council held a day-long retreat to formulate and agree on specific recommendations. The retreat resulted in the council recommending 23 programs and policies to Progress Energy. The recommendations are wide-ranging and include such ideas as increasing the company's demand-side management programs, strengthening programs that promote energy awareness, and instituting a business approach that holds economic vitality, environmental stewardship, and social responsibility as mutually reinforcing objectives.

Progress Energy presented its responses to how the company and the council can most effectively promote achievable and affordable solutions to Western North Carolina's energy challenges future.

Currently, there are various ongoing issues that the Council is exploring. They range from providing input and leadership on prospective changes in federal regulation, to developing a broader understanding of the overall benefits and issues associated with fossil fuels.

As Progress Energy awaits approval from the North Carolina Utilities Commission on proposed DSM, alternative, and renewable programs, the CEAC members stand ready to actively promote and encourage Western North Carolina participation. Program contents have been outlined with Council members, and feedback from CEAC has been utilized to enhance product offerings. One program has been developed specifically to address cold-weather energy usage reduction, which will be offered to Western Region customers exclusively.

Progress Energy enacted an energy efficiency and conservation team to implement no-to-low cost energy savings initiatives for the company's nine facilities in Western Region. In a report to CEAC in August, the team announced over 14.5 percent reduction in kilowatt hours and energy costs, mostly derived from human behavior changes.

Next Steps

Some of the next steps CEAC and Progress Energy are exploring include:

- CEAC members to promote initiatives through their circle of influence
- CEAC and community replicate efforts by Western Region facilities team of no-to-low cost energy saving ideas
- Community participation in newly announced Progress Energy offered DSM programs
- Community Reduction Goal – outreach, education, mass direct customer communications and media exposure for expanded community involvement

Progress Energy At A Glance

Overview: Progress Energy Carolinas is one of two utility subsidiaries of Progress Energy. Headquartered in Raleigh, Progress Energy is a Fortune 250 diversified energy company with more than 21,000 megawatts of utility generation capacity. Progress Energy Carolinas serves approximately 1.4 million households and businesses in a 34,000-square-mile service area in North Carolina and South Carolina. Progress Energy Florida, headquartered in St. Petersburg, provides service to about 1.7 million customers in a 20,000-square-mile service area that spans central and Gulf coastal Florida.

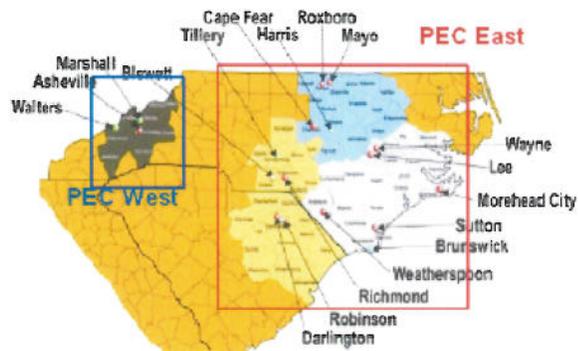
Progress Energy Carolinas serves approximately 130,000 retail customers in Western North Carolina and supplies energy to thousands of additional WNC households and businesses via power-supply contracts with electric cooperatives and municipal electric systems.

Company-owned generation:

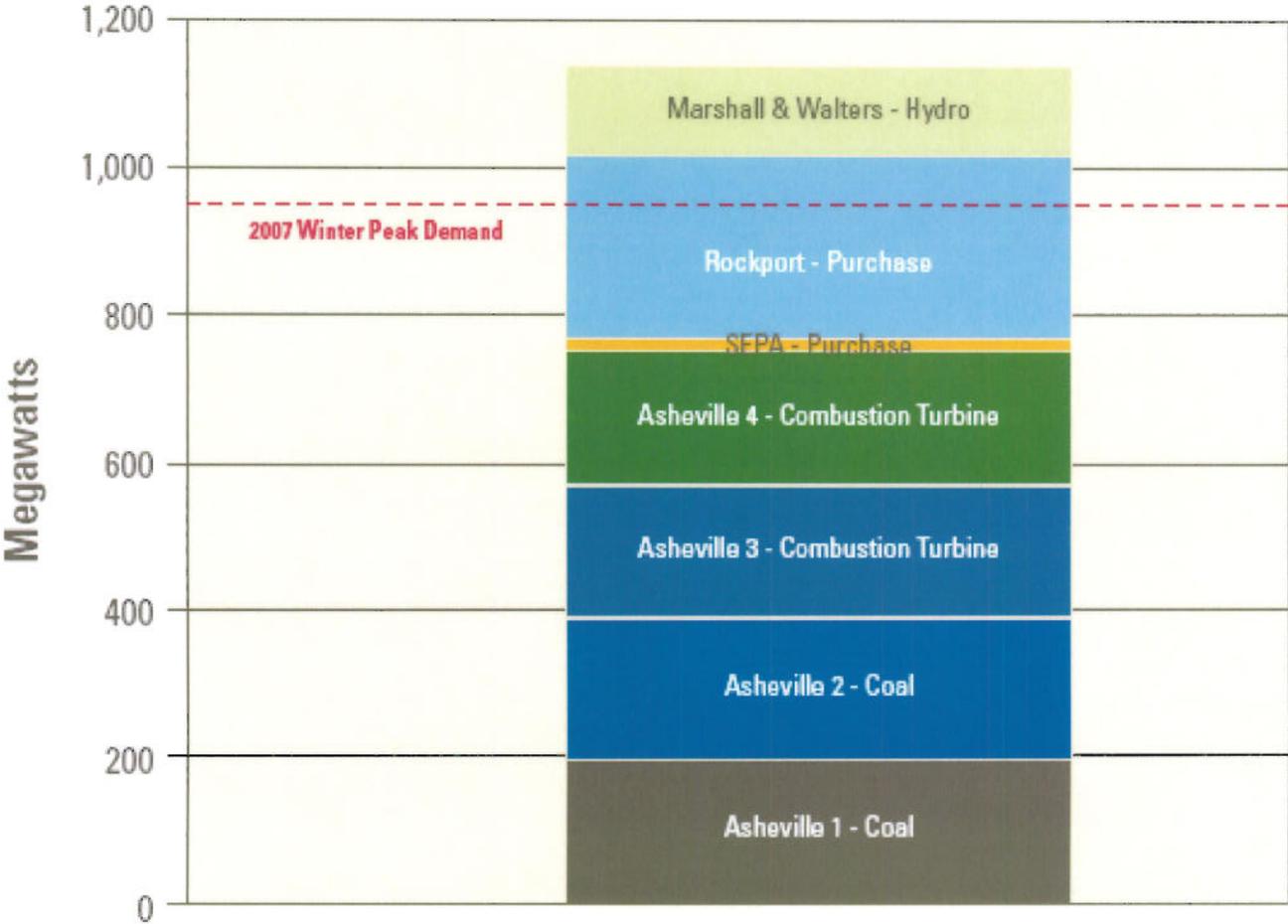
N.C.: 10,712 MW (5,055 MW coal; 2,775 MW nuclear; 2,657 natural gas/oil; 225 MW hydro)

WNC: 832 MW (392 MW coal; 330 MW gas/oil; 110 MW hydro)

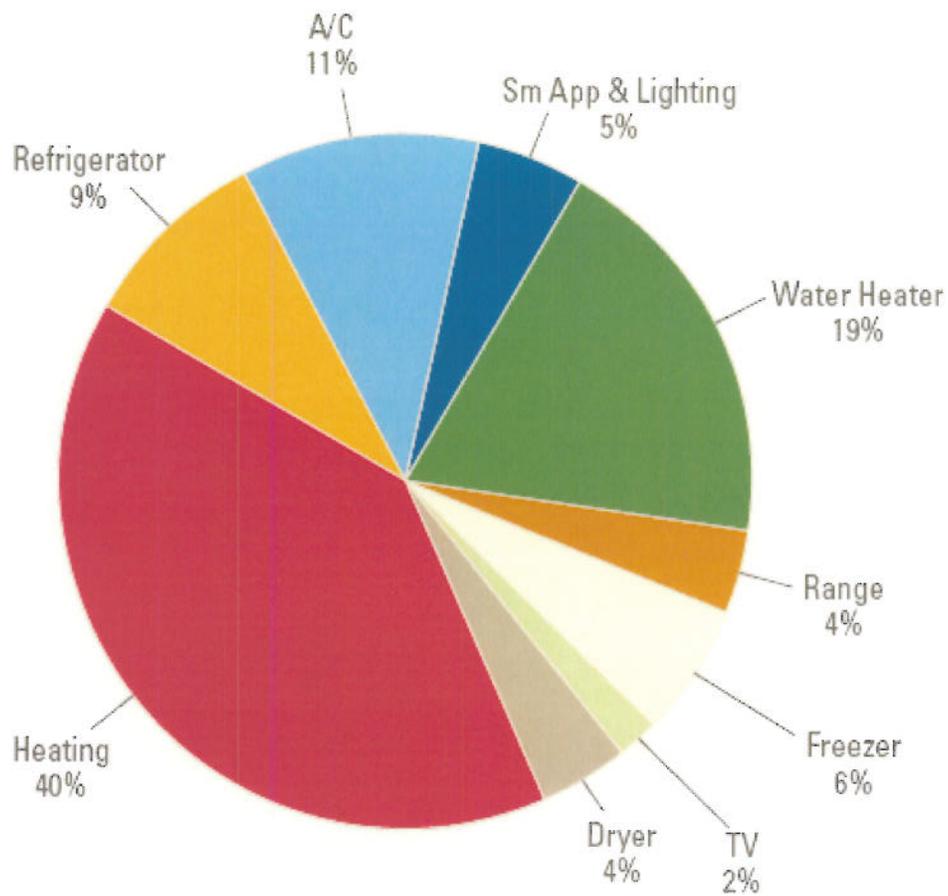
S.C.: 1,697 MW (180 MW coal; 710 MW nuclear; 807 MW natural gas/oil)



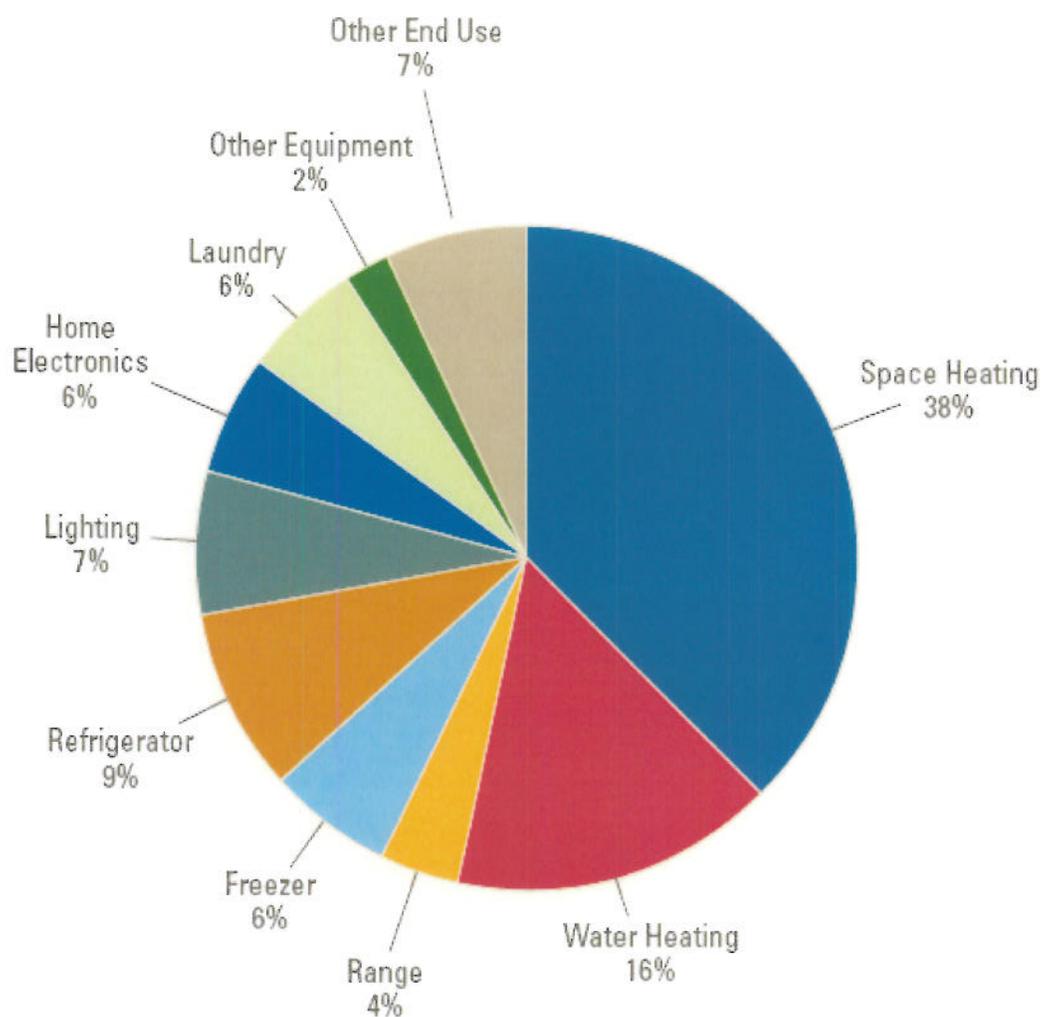
Western Region Supply Resources



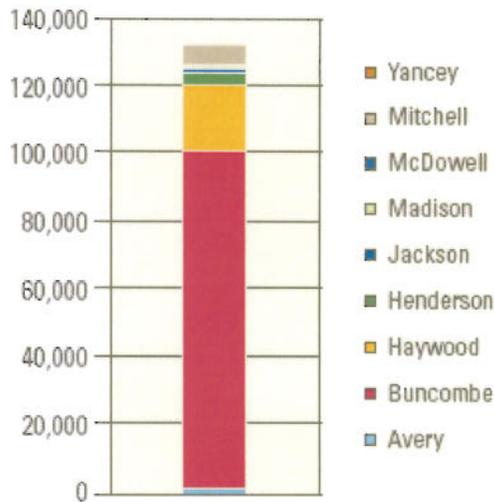
Western Region Annual Residential Energy Use



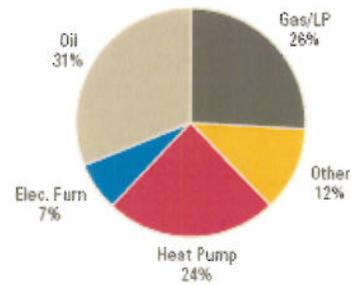
Western Region Winter Residential Energy Use



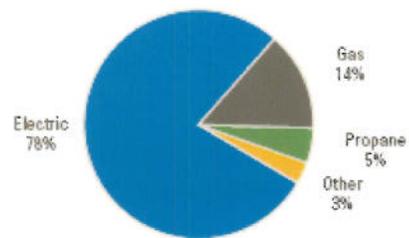
Western Region Energy Profile



Residential Home Distribution
by County

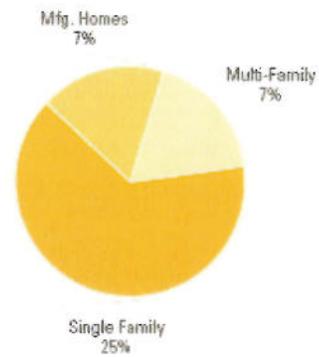
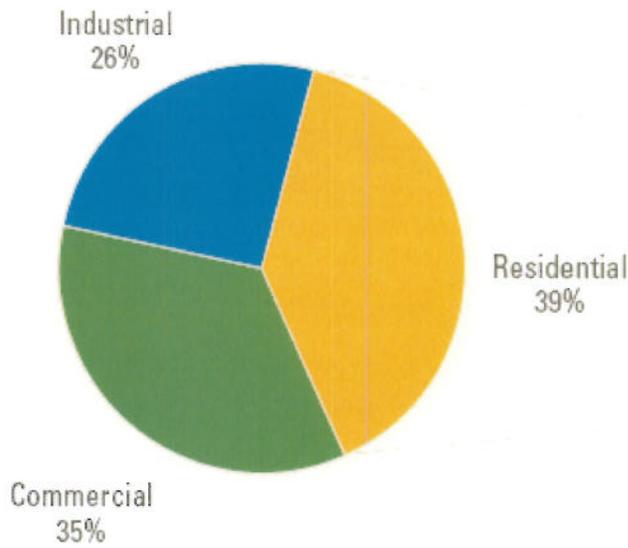


31% Electric Heat



78% Electric Water Heat

Western Region Energy Profile



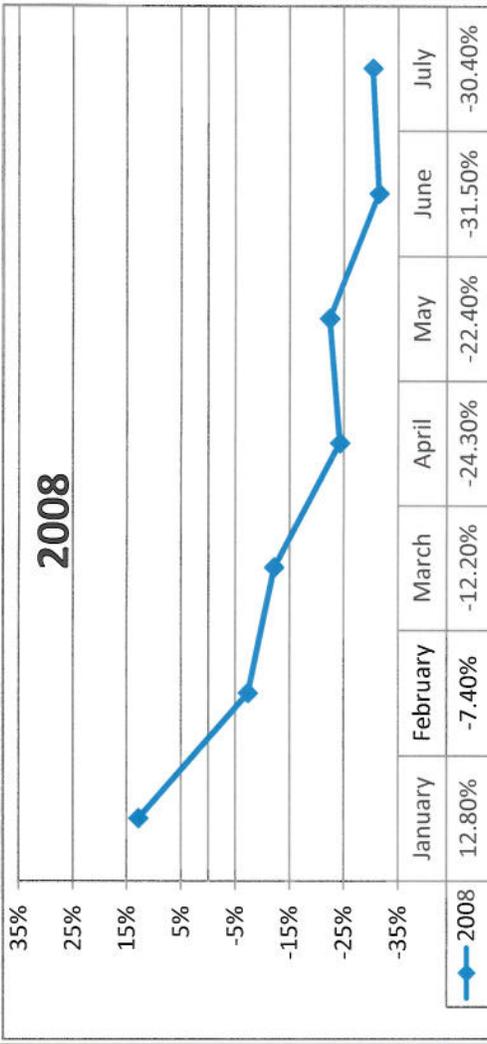
kWh by Customer Type

**Community Energy Advisory Council Meeting
August 8, 2008**

**CEAC Report Card Comparison
2007 - 2008**

2007 KWH	1,060,972
2008 KWH	906,292
KWH Δ	154,680
KWH % Change	14.58%
2007 KWD (July)	343.97
2008 KWD	275.68
KWD Δ	68.29
KWD % Change	19.85%
2007 Emissions CO ₂	1,099,379
2008 Emissions	939,100
Emissions Δ	160,279
Emissions % Change	14.58%
2007 Cost	\$ 53,048.60
2008 Cost YTD	\$ 45,314.60
Cost Δ	\$ 7,734.00
Cost % Change	14.58%

Region Results by Month



Focus Areas

- 1) Learning together about energy efficiency and its impacts
- 2) Fun, Friendly, Enjoyable, Competition
- 3) Get everyone involved
- 4) Results every month, shared with representative from each building
- 5) Lighting, HVAC, Computers and Appliances, Bay Doors & Heaters
- 6) Take these behaviors to the house and reproduce the effort there

KWH Reduction by Office Year to Date

2007 vs 2008 Weather Adjusted

