

Progress Energy accepts \$200 million grant to fund smart grid projects.

Progress Energy Service Company, LLC has accepted a \$200 million U.S. Department of Energy (DOE) grant on behalf of Progress Energy Carolinas, Inc. and Progress Energy Florida, Inc. as part of the 2009 federal stimulus package. The funds will be used by the company's two utilities for investments in equipment, systems, technologies and communication infrastructure that will add "intelligence" to the systems used to deliver electricity to more than 3.1 million households and businesses in the Carolinas and Florida. The company is one of only six utilities in the country to receive a grant of this size.

In addition to providing the utilities real-time information about the state of their electric grids, the smart grid transition will enable customers to better understand and manage their energy use, and will provide for more efficient integration of renewable energy resources.

Supplementing the DOE grant, Progress Energy's two utilities will invest more than \$300 million in smart grid projects, which could create up to 500 jobs. The projects will be completed by April 2013.

The proposed projects include the following:

- Commercial Advanced Metering Initiative (AMI)
  - Installation of 85,000 "smart" meters on commercial accounts; an AMI network facilitates the collection and distribution of metering information to customers and to the utility; AMI installation will begin in Q2 2012
- Targeted Advanced Metering Initiative (AMI)
  - Replacement of approximately 80,000 small commercial and residential manually read meters with "smart" meters; AMI network facilitates the collection and distribution of metering information to customers and to the utility
- Residential Program Development Infrastructure
  - Will test tiered rate structures and monitor customer usage patterns to determine viable programs to offer
- Electric Transportation Charging Stations
  - Will install charging stations to enable early adoption of electric transportation in our service area
- Condition-Based Monitoring
  - Real-time assessment of transformer health to alert of impending equipment failure
- Distribution System Demand Response
  - Designed to replace traditional voltage reduction capability with advanced peak load reduction and efficiency capabilities
- Feeder Segmentation Initiative
  - Will enable isolation of power outages and equipment problems faster, meaning fewer and shorter power outages for customers