



news release

Progress Energy Carolinas plans to retire remaining unscrubbed coal plants in N.C.

Green strategy includes 11 units at 4 sites, totaling almost 30 percent of N.C. coal fleet

RALEIGH, N.C. (Dec. 1, 2009) – Progress Energy Carolinas, a wholly owned subsidiary of Progress Energy (NYSE: PGN), today announced that by the end of 2017, the company intends to permanently shut down all of its remaining N.C. coal-fired power plants that do not have flue-gas desulfurization controls (scrubbers).

In a report filed with the N.C. Utilities Commission today, the utility outlined its plan to close a total of 11 coal-fired units, totaling nearly 1,500 megawatts (MW) at four sites in the state:

- The 600-MW L.V. Sutton Plant near Wilmington.
- The 316-MW Cape Fear Plant near Moncure.
- The 172-MW W.H. Weatherspoon Plant near Lumberton.
- And the 397-MW H.F. Lee Plant near Goldsboro (retirement announced in August).

The commitment represents about 30 percent of the company’s coal-fired power generation fleet in North Carolina. It will result in significant emission reductions, including carbon dioxide, sulfur dioxide, nitrogen oxides, mercury and other pollutants.

“Progress Energy’s announcement is important for North Carolina’s air quality,” said N.C. Gov. Bev Perdue. “The transition toward cleaner sources of energy is good for the environment and the economy.”

Progress Energy Carolinas has announced a plan to build new generation fueled by natural gas in Wayne County, N.C., and expects to announce additional gas plans in the near future. The company will continue to operate three coal-fired plants in North Carolina after 2017. The company has invested more than \$2 billion in installing state-of-the-art emission controls at the 2,424-MW Roxboro Plant and the 742-MW Mayo Plant, both located in Person County, and

the 376-MW Asheville Plant in Buncombe County. Emissions of nitrogen oxides, sulfur dioxide, mercury and other pollutants have been reduced significantly at those sites.

Resource planning is a continuous process. The plans outlined today are based on certain assumptions about anticipated environmental requirements. Should those assumptions change, the utility's plans might also change.

"This is a significant commitment to clean air in our state and a major down-payment on our company's carbon-reduction strategy," said Bill Johnson, chairman, president and CEO-Progress Energy. "Within seven years, we expect to retire nearly one-third of our coal fleet in North Carolina. We are aggressively pursuing a balanced solution for meeting future energy needs, including clean technologies and energy efficiency while continuing to ensure that electricity remains available and reliable 24 hours a day, seven days a week, for the 1.5 million households and businesses that depend on us."

"These plants and their employees have been an important part of our ability to meet the state's electricity needs for more than a half-century," said Lloyd Yates, president and CEO for Progress Energy Carolinas. "They were the backbone of the system and operated largely behind the scenes to make sure that when our customers flipped the switch, the lights came on."

"Coal-fueled generation will continue to be vital to our ability to meet customer electricity needs," Yates said. "But as environmental regulations continue to change, and as even more significant rule changes appear likely in the near future, the costs of retrofitting and operating these plants will increase dramatically. We believe this is the right decision for our customers, our state and our company."

Installing emission controls on older, smaller coal-fired units is expensive, including hundreds of millions of dollars per unit for flue-gas desulfurization equipment (scrubbers) and additional expense for other technologies. Current and expected legislation affecting various pollutants will continue to increase the cost of coal-fired generation, particularly at smaller, older plants.

The plan filed today was in response to a request by the N.C. Utilities Commission. The regulatory agency ordered the company to provide its retirement plans related to "unscrubbed" coal-fired units in North Carolina. The request was part of the commission's approval in October of Progress Energy Carolinas' plan to build a 950-MW power plant, fueled by clean-burning natural gas, in Wayne County, N.C.

The plan filed today confirms the company's decision to retire the Lee Plant in 2013. Additionally it provides tentative schedules for other retirements:

- The company expects to retire the coal-fired Sutton Plant in 2014. The plant has three units that came online in 1954, 1955 and 1972. In the coming weeks, the company will seek approval from state regulators to build a natural gas-fueled plant of approximately the same size as the current coal plant (600 MW) at the Sutton site, located on the Cape Fear River near Wilmington. Due to the location of the plant at the far eastern end of Progress Energy's electric system, the company must replace the generation in the same area to maintain system reliability.

- The company's Cape Fear and Weatherspoon plants have a total of five coal units (most built in the 1950s). The company plans to retire the units between 2013 and 2017. Due to the sites' existing infrastructure and proximity to renewable fuel sources (such as wood waste), the company is evaluating the possibility of converting a portion of the total capacity (50 to 150 MW) to use biomass. Progress Energy and other utilities in North Carolina must provide increased amounts of renewable energy under a state law passed in 2007. Biomass is the state's most plentiful renewable resource.

The company also is evaluating the potential for a future use of the Cape Fear and Weatherspoon plant sites for natural gas-fueled generation. No decisions have been made regarding specific retirement dates or biomass or gas conversion.

Progress Energy Carolinas employs about 260 people at the four coal-fired plants included in today's report. The company is working to ensure that as many as possible will have jobs at the new gas-fueled power plants or opportunities to move to other positions at company facilities during the multi-year transition period.

Progress Energy Carolinas maintains a mix of resources and options – nuclear, natural gas, coal, hydroelectric, solar, biomass and energy efficiency. The balance helps make the company and state more energy independent and minimizes the risk of volatility in price and supply for any single fuel source.

Progress Energy Carolinas' 174-MW Robinson Plant in South Carolina is not affected by today's announcement.

Progress Energy (NYSE: PGN), headquartered in Raleigh, N.C., is a Fortune 500 energy company with more than 22,000 megawatts of generation capacity and \$9 billion in annual revenues. Progress Energy includes two major electric utilities that serve approximately 3.1 million customers in the Carolinas and Florida. The company has earned the Edison Electric Institute's Edison Award, the industry's highest honor, in recognition of its operational excellence, and was the first utility to receive the prestigious J.D. Power and Associates Founder's Award for customer service. The company is pursuing a balanced strategy for a secure energy future, which includes aggressive energy-efficiency programs, investments in renewable energy technologies and a state-of-the-art electricity system. Progress Energy celebrated a century of service in 2008. Visit the company's Web site at www.progress-energy.com.

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