



September 16, 2011

The S.C. Office of Regulatory Staff (ORS) and Progress Energy Carolinas, Inc. (PEC) have entered into a Memorandum of Understanding (MOU) regarding vegetation management. Via this agreement, PEC has agreed to take certain actions with regard to the Company's distribution line rights-of-way and lower voltage transmission line rights-of-way vegetation management practices.

The terms of the agreement include various reports that PEC will provide to the ORS at regular intervals concerning its vegetation management. The reports will keep the ORS apprised of vegetation issues such as "hot spots" (of overgrown vegetation surrounding power lines) that are identified and subsequently remedied, as well as incident reports.

PEC has also agreed to provide sufficient funds to clear identified Category 1 and Category 2 "hot spots" on lower voltage transmission line rights-of-way no later than December 31, 2011. PEC will also provide sufficient funding to return both its lower voltage transmission line rights-of-way and its distribution line rights-of-way to a properly trimmed condition and returned to a standard trim cycle by December 31, 2014 (for lower voltage transmission lines) and by December 31, 2015 (for distribution lines).