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Columbia, S.C., September 6, 2011 –

**ORS, Duke Energy Corp., Duke Energy Carolinas, LLC, Progress Energy, Inc.,
and Progress Energy Carolinas, Inc. Reach a Settlement Agreement
in the Duke-Progress Merger in North Carolina**

On Tuesday, September 6, 2011, the South Carolina Office of Regulatory Staff (ORS) entered into a Settlement Agreement with Duke Energy Corporation (Duke Energy), Duke Energy Carolinas, LLC (DEC), Progress Energy, Inc. (Progress Energy), and Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. (PEC), in the merger application of Duke Energy and Progress Energy, the two holding companies, filed in North Carolina.

The Settlement Agreement includes the following terms and conditions:

- (1) DEC and PEC guarantee that South Carolina retail customers will receive their allocable portion of \$650 million in savings to be achieved over the first five (5) years following the closing of the merger.
- (2) DEC and PEC will provide community support and charitable contributions for four (4) years at a level no less than the average of each company's contributions over the past five (5) years.
- (3) DEC and PEC will contribute a total of \$3.75 million for purposes such as workforce development and low-income energy assistance in the first year following the closing of the merger, to be distributed as mutually agreed upon by the ORS, DEC, and PEC.
- (4) DEC and PEC agreed to a Most Favored Nation's Clause that will allow South and North Carolina customers to receive jurisdictionally equivalent benefits.

- (5) The ORS has reserved its right and will address all issues related to the Joint Dispatch Agreement (JDA) before the Public Service Commission of South Carolina (Commission).
- (6) The parties agree, with respect to capital costs and severance costs incurred to generate future savings, that the Public Service Commission of South Carolina (Commission) will be the ultimate decision maker as to whether the capital and severance costs should be included or excluded in any general rate case filed before December 31, 2014. DEC and PEC may request recovery of such costs, and the ORS has reserved its right to oppose such costs.
- (7) DEC's and PEC's South Carolina retail customers shall be held harmless from all current and prospective liabilities of Florida Progress Corporation and its subsidiaries from any outages at and repairs of Crystal River 3, among other matters. Additionally, DEC's and PEC's South Carolina retail customers shall be held harmless from all current and prospective liabilities of Duke Energy (unrelated to DEC and PEC) and Cinergy Corp. and its subsidiaries from costs associated with the Edwardsport plant in Indiana.

ORS Executive Director Dukes Scott explains, "We appreciate the cooperation of the parties involved in bringing this settlement agreement to fruition. Our aim in this agreement is to ensure that South Carolina customers of the two utilities benefit from savings related to the combination of DEC and PEC."

The Office of Regulatory Staff is an agency of the State of South Carolina. Its mission is to represent the public interest in utility regulation by balancing the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina. For more information, please visit the ORS web site at <http://www.regulatorystaff.sc.gov/>