

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

HEARING #10-11138

AUGUST 25, 2010

10:30 A.M.

ALLOWABLE EX PARTE PROCEEDING

REQUESTED BY PROGRESS ENERGY CAROLINAS - Financial Conditions and
Future Generation and Infrastructure

**TRANSCRIPT OF
PROCEEDINGS**

COMMISSIONERS PRESENT: John E. 'Butch' HOWARD, *CHAIRMAN*,
David A. WRIGHT, *VICE CHAIRMAN*; and COMMISSIONERS G. O'Neal
HAMILTON, Randy MITCHELL, Swain E. WHITFIELD, and Nikiya
'Nikki' HALL

ADVISOR TO COMMISSION: Joseph Melchers, Esq.

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Ph.D., Executive Assistant to the Commissioners; B. Randall Dong,
Esq., and Josh Minges, Esq., Legal Staff; Tom Ellison and Lynn
Ballentine, Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM-GNSC, Court
Reporter; and Deborah Easterling, Hearing Room Assistant.

APPEARANCES:

LEN ANTHONY, ESQUIRE, along with *CAREN
ANDERS, MELODY BIRMINGHAM-BYRD, and SAM WATERS*,
presenters, representing **PROGRESS ENERGY CAROLINAS, LLC**

SHEALY BOLAND REIBOLD, ESQUIRE, representing
the **OFFICE OF REGULATORY STAFF**

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P R O C E E D I N G S

CHAIRMAN HOWARD: Please be seated. Welcome. I'll ask Attorney Melchers to read the notice of this proceeding.

MR. MELCHERS: Thank you, Mr. Chairman. Commissioners. We are here pursuant to a request for an allowable ex parte proceeding made by Progress Energy Carolinas, Inc., for today, August 25th, at 10:30. The subject matter to be discussed in this briefing is financial conditions and future generation and infrastructure projects. Thank you, Mr. Chairman.

CHAIRMAN HOWARD: Mr. Anthony?

MR. ANTHONY: Yes, sir.

CHAIRMAN HOWARD: Your show.

MR. ANTHONY: Members of the Commission, thank you for having us here today. The agenda is going to be as pointed and informative I think as any that we have done, in that today we're going to cover our coal-to-gas conversion, our nuclear plans, as well as how we participate in and support and encourage the economic development and growth of South Carolina.

We have two presenters. The first presenter is Caren Anders, our Vice President, Transmission

1 Operations & Planning. In that position she's
2 responsible for operations, maintenance, testing,
3 construction, engineering, planning and asset
4 management of the transmission system, including
5 substations, as well as our overall resource
6 planning responsibilities. She joined Progress
7 Energy in 2007, but she has 26 years in the utility
8 business.

9 Our second presenter you all know, I would
10 assume. She's our Vice President of the Southern
11 Region: Melody Birmingham-Byrd. She's been in that
12 position since January 2009 and has over 12 years'
13 experience in the energy business, including
14 generation, transmission, and distribution. Prior
15 to becoming vice president of the Southern Region,
16 Melody was the general manager of the Southern
17 Region with responsibilities for distribution
18 maintenance and construction. Prior to that, she
19 served as director of distribution resource
20 management and construction, manager of
21 transmission maintenance and resource management,
22 and was superintendent of maintenance at the
23 Robinson fossil plant in Hartsville.

24 And with that, I'll ask Ms. Anders to kick off
25 the presentation.

1 **CHAIRMAN HOWARD:** Mr. Anthony, do you prefer
2 the Commissioners to wait till after the presenters
3 are through, or just to ask questions whenever?

4 **MR. ANTHONY:** We prefer whatever makes the
5 Commission happiest.

6 [Laughter]

7 **CHAIRMAN HOWARD:** Thank you.

8 [Reference: *Progress Energy Resource Plan*
9 *Update PowerPoint, Page 1*]

10 **MS. ANDERS:** Good morning. It's a pleasure to
11 be here today.

12 [Reference: *Progress Energy Resource Plan*
13 *Update PowerPoint, Page 2*]

14 I'm going to give an update on our resource
15 plan, looking at our current planning environment,
16 some of the factors that have led to our repowering
17 decisions, the current status of two of our
18 repowering projects, and then also talk a little
19 bit about some of our nuclear resources in the
20 Carolinas and what we are thinking about to proceed
21 with that.

22 [Reference: *Progress Energy Resource Plan*
23 *Update PowerPoint, Page 3*]

24 So if you look at our planning environment,
25 these are very uncertain times. And we're trying

1 to make decisions without really knowing the
2 answers to a lot of questions. And those questions
3 include Federal carbon legislation, when will it be
4 -- when and if will it be enacted? What will it
5 look like? Will it be a tax, will it be cap-and-
6 trade? Will there be EPA regulation? We also have
7 a lot of environmental regulations that we don't
8 have certainty around. So we don't know what the
9 air and water environmental standards -- how
10 restrictive they will be, and whether coal ash will
11 be considered an environmental hazard. We're not
12 sure if a Federal renewable standard will be
13 enacted. And they are -- you know, looking at gas
14 prices, are natural gas prices going to remain low?
15 And the economy, is it going to rebound, and how
16 quickly?

17 So those are the types of questions that we
18 are looking at as we're trying to do our planning
19 environment.

20 [Reference: *Progress Energy Resource Plan*
21 *Update PowerPoint, Page 4*]

22 So if you look at the decisions that have led
23 to our evaluation to do the Wayne and Sutton
24 repowering projects, in order to meet our
25 environmental mission's requirements we looked at

1 several options. The convergence of lower natural
2 gas price forecasts, EPA and/or new Federal laws
3 regulating greenhouse gases, the issues surrounding
4 ash ponds, and the repeal of CAIR with its likely
5 successor being point-source specific all indicated
6 that rather than installing expensive emission
7 control equipment on several of our older coal
8 units, the retiring of the Lee and Sutton coal
9 plants and replacing them with natural gas plants
10 was the best solution.

11 So we're building 950 megawatts of CCs at the
12 Lee site. We will definitely retire 400 megawatts
13 of coal at the Lee site. At this time, again due
14 to the environmental regulations and considerations
15 that I discussed, we're planning to use the
16 incremental 550 megawatts to retire additional
17 older coal plants that have no environmental
18 controls, and that will be in the 2013-to-2017
19 timeframe. So that will still leave us with over
20 3,000 megawatts of coal-fired generation on which
21 we have installed all necessary emission controls
22 equipment. The new Lee plant has a planned in-
23 service date of December of '12.

24 Regarding the Sutton plant, we intend to
25 retire them and replace them with a new 600

1 megawatt plant in late 2013. We can't use the
2 incremental megawatts from Lee to replace Sutton
3 because the eastern part of our territory has
4 voltage support issues and we actually need
5 generation in that location.

6 Then, concerning the Robinson plant in South
7 Carolina, we really have yet to reach a conclusion
8 about whether we will retire or repower that unit,
9 but our evaluation of that continues.

10 [Reference: *Progress Energy Resource Plan*
11 *Update* PowerPoint, Page 5]

12 So this just gives you a visual of -- you can
13 see where the existing Lee plant is and where the
14 new -- and where the existing Wayne plant is, and
15 then you can see where our new Wayne unit will be.
16 So, just a visual of all in the same general
17 property.

18 We received the Certificate of Public
19 Convenience and Necessity in October of '09, and
20 again the scheduled in-service date is 2012 for
21 Wayne and the unit capacity is 950 megawatts.

22 [Reference: *Progress Energy Resource Plan*
23 *Update* PowerPoint, Page 6]

24 And I have a similar picture for Sutton, and
25 again you can see where the existing Sutton coal

1 unit is and where the new -- the conceptual design
2 for the new units will be. And the scheduled in-
3 service date for that is 2013.

4 [Reference: *Progress Energy Resource Plan*
5 *Update* PowerPoint, Page 7]

6 So moving on to nuclear, our nuclear decision
7 is much more complex due to the long lead time and
8 the high capital requirements of a nuclear plant.
9 However, the same general considerations apply
10 regarding Federal legislation and environmental
11 regulations.

12 So, Federal carbon legislation is the major
13 consideration in our decision to pursue nuclear.
14 Nuclear is the only commercially available, large-
15 scale generating option that is carbon-free. And
16 while energy efficiency and renewables are an
17 important part of a balanced solution to meet our
18 future electricity needs, nuclear must play a role
19 in our resource plan. So the recent drop in
20 natural gas price forecasts actually works against
21 nuclear economics and suggests a more cautious
22 approach to pursuing new nuclear: things such as
23 setting up a regional nuclear partnership or having
24 kind of smaller portions, rather than, you know,
25 building a large unit by ourselves. The economic

1 downturn has also suggested a more cautious
2 approach in pursuing nuclear, since they're very
3 large -- they're normally, you know, 1,100
4 megawatts per unit -- and they require several
5 billion dollars of investment for each plant. So
6 again, that's something that may suggest that a
7 regional approach may be appropriate.

8 [Reference: *Progress Energy Resource Plan*
9 *Update PowerPoint, Page 8*]

10 If you look at our Florida plants and what
11 happened in Florida, the current situation at
12 Crystal River 3 and the other regulatory rulings in
13 Florida really have no impact on our plans for the
14 Carolinas. However, the same factors that
15 influence the Florida decision are similar factors
16 to what would influence our decision in the
17 Carolinas. And again, we talked about
18 environmental regulation, natural gas, and the
19 economy and our load growth.

20 [Reference: *Progress Energy Resource Plan*
21 *Update PowerPoint, Page 9*]

22 So, plans for our Harris site. Lower natural
23 gas prices and slowing load growth and a delayed
24 prospect for carbon regulation suggest delaying the
25 addition of the new units at the Harris site

1 probably until the next decade. But because that
2 regulation still is a real possibility and a likely
3 possibility, we want to keep the nuclear option
4 open and maintain our ability to pursue it, so we
5 do continue to pursue the completion of a combined
6 construction and operating license application with
7 the NRC. And we feel that that's the prudent way
8 to keep our options open.

9 [Reference: *Progress Energy Resource Plan*
10 *Update PowerPoint, Page 10*]

11 And then as I kind of alluded to, we're also
12 looking at the prospect for regional nuclear. All
13 of Progress Energy's utility neighbors have
14 announced plans to pursue nuclear additions in the
15 10-to-15-year timeframe -- most notably, SCANA and
16 Santee Cooper. And the same factors that make the
17 nuclear option attractive to Progress make it
18 attractive to the other utilities, as well, and
19 also the same risks that exist for us are the same
20 risks that exist for them. So we are pursuing
21 whether we should look at joint ownership or
22 purchased power agreements with some of our
23 neighboring utilities and thereby kind of reducing
24 our risk in looking at an approach of a smaller
25 chunk of nuclear. So that's something that we have

1 not made a decision on, but it is certainly
2 something we are actively evaluating.

3 [Reference: *Progress Energy Resource Plan*
4 *Update* PowerPoint, Page 11]

5 I'd be happy to take any questions you might
6 have.

7 **CHAIRMAN HOWARD:** Commissioners? Commissioner
8 Wright.

9 **VICE CHAIRMAN WRIGHT:** Good morning. I think
10 on page seven is where you -- I think is where you
11 had that. You made the comment that Federal
12 renewable standards are very likely. Recently I
13 attended an EPRI meeting and they have come out
14 with the new EPRI Prism 2.0. Are you familiar with
15 the EPRI Prism? And they've taken the base of the
16 generation components and they've broken it out by
17 region. And when you look at it, it begins to make
18 the point that the southern states and Southeast
19 have been making, that not all regions are the same
20 and not every state is the same. So, it kind of
21 indicates and I think we may be looking at a
22 different type of Federal position going forward,
23 where it may not be a Federal renewable standard;
24 you may have -- the states may have the opportunity
25 to do their own thing, based on what is available

1 in their own state, but they may be looking more at
2 a clean portfolio, going forward. So I'm not
3 really taking issue with it; I just wondered if you
4 were aware of what had been published in the last
5 couple of weeks.

6 And the second comment I had, or question to
7 you, would be about the future for potentially
8 small, modular reactors. Has Progress looked into
9 -- are you looking at that and trying to follow
10 what is going on, maybe looking in the future with
11 the NRC for licensing some type of a design for
12 that?

13 **MS. ANDERS:** To speak to your first point, I'd
14 say the uncer- -- you know, what I guess I'm trying
15 to make a point of is because we don't have
16 certainty around what the regulations -- what or if
17 they will look like, is why we're trying to keep
18 our options open. So you're right, it could be --
19 it may not be one standard for all, but we just
20 don't really know what it will be, and we do
21 anticipate there will be some type of standard
22 looking at -- you know, looking at carbon.

23 As far as the small, modular units, I am aware
24 that we keep up to date on what is happening. I'm
25 not aware that we have given any -- that they're at

1 a point right now in their evolution that we're
2 seriously considering them in our resource plan.

3 **VICE CHAIRMAN WRIGHT:** Thank you.

4 **CHAIRMAN HOWARD:** Commissioner Hamilton.

5 **COMMISSIONER HAMILTON:** Happy to have you with
6 us today.

7 **MS. ANDERS:** Thank you.

8 **COMMISSIONER HAMILTON:** You might have learned
9 on the way down here that I'm from the Pee Dee, so
10 I'm very interested in Progress Energy South
11 Carolina. And you mentioned in your presentation a
12 problem with having to have generation in a certain
13 area due to voltage. Is that an indication of a
14 grid problem or what is that?

15 **MS. ANDERS:** Well, it is a very particular
16 region, our eastern region. And it is indication
17 of how the system is built there, and it is not as
18 robust as some of our other regions, so we're very
19 sensitive to make sure that we don't create a grid
20 problem by removing generation when we need it
21 there.

22 **COMMISSIONER HAMILTON:** Okay. Let me ask you
23 -- I read the *Charlotte Observer*, and it seems that
24 with your -- you had thoughts of maybe a little
25 faster with a nuclear program in Wake County, and I

1 think you had a tremendous amount of opposition to
2 the thing. I don't know if any of this has been
3 resolved or not, but you're probably aware that we
4 also have one in the Pee Dee, in Darlington County,
5 and that any addition would be certainly welcome
6 there. Has this been any part of your
7 consideration?

8 **MS. ANDERS:** Well, we are looking -- one of
9 the reasons that we're, you know, exploring the
10 potential for regional nuclear partnerships is
11 around all the factors I suggested, but also, you
12 know, we would certainly consider the community
13 acceptance of a plant in part of that
14 consideration. So we are looking at partnerships
15 within South Carolina and then we're -- like I
16 said, we don't want to get rid of our option for
17 the Harris plant because we believe that long-term
18 in the future that it may be needed, as well.

19 **COMMISSIONER HAMILTON:** Where are you with the
20 nuclear plans in Florida.

21 **MS. ANDERS:** Our Levy plant is also -- the
22 expected date now is pushed back, similar to our
23 other plants, too, the types of factors that I
24 considered, but it is still being kept as an
25 active, open project, similar to our Harris.

1 **COMMISSIONER HAMILTON:** Will that be a
2 regional plant or will that be a Progress Energy
3 plant?

4 **MS. ANDERS:** I don't think that's been
5 determined yet.

6 **COMMISSIONER HAMILTON:** Thank you, ma'am.

7 **CHAIRMAN HOWARD:** Commissioner Mitchell.

8 **COMMISSIONER MITCHELL:** Thank you. Just as a
9 follow-up to that in this regional approach, I
10 guess -- and I know you can't speak for other
11 companies, but in your approach to a regional
12 approach, do you feel like that that's being shared
13 by the other utility companies as a progressive
14 movement, or what is just your diehard feeling of
15 that? Do you think that's being accepted as a
16 general rule or are you getting other -- or you
17 think they might be thinking in other directions?
18 Could you just give me your general feeling on
19 that? I think the Commission's felt for a long
20 time that that was a great approach when we look at
21 the financing of such expensive new facilities.
22 Could you just give me your feeling on that?

23 **MS. ANDERS:** I certainly can't speak for all
24 the other utilities, but we have had discussions
25 with some of our neighboring utilities and there is

1 interest in pursuing that type of partnership. So
2 I can't say that everyone is interested in that
3 way, but there definitely is an interest in us at
4 least looking at sharing, you know, potential
5 regional nuclear partnerships. And again, it's a
6 lot of what I talked about; it just helps with the
7 costs and risks to spread that out and for each
8 utility it would mean a smaller -- you know, a
9 smaller module of nuclear at one time, and the
10 risks and costs associated with that. So I don't
11 know that that's the definitive decision that
12 everyone will make, but I think there's at least
13 interest right now in actively exploring it.

14 **COMMISSIONER MITCHELL:** Not trying to put
15 words in your mouth, but is it a growing movement
16 or a stagnant movement or --

17 **MS. ANDERS:** Well, it's an active -- I'm not
18 sure if I could answer if it's growing or --

19 **COMMISSIONER MITCHELL:** Okay.

20 **MS. ANDERS:** But it is an -- you know, there
21 is active interest in it by -- you know, by the
22 participants that we're talking to.

23 **COMMISSIONER MITCHELL:** Thank you.

24 **CHAIRMAN HOWARD:** Ms. Anders, I have a couple.
25 You mentioned that load growth fell off because of

1 the recession. What was your projected load growth
2 prior to the recession, and now?

3 MS. ANDERS: Do you know those numbers?

4 MS. BIRMINGHAM-BYRD: [Shaking head.]

5 MS. ANDERS: I --

6 CHAIRMAN HOWARD: I guess my question on the
7 other side was --

8 MR. WATERS: Do you want me to --

9 MS. ANDERS: Okay. Do that.

10 MR. WATERS: I'll take it.

11 MS. ANDERS: Thank you. This is Sam Waters.

12 MR. WATERS: Good morning, Commissioners.

13 CHAIRMAN HOWARD: Good morning.

14 MR. WATERS: My name is Sam Waters. I'm
15 director of System Planning. And I can tell you
16 that the load growth -- basically what happened in
17 the recession is we saw flattening of current load
18 growth for a two-to-three-year period. In other
19 words, just levelized, no growth or very little
20 growth. And then we're assuming or we're
21 forecasting a resumption of growth. Originally, we
22 were looking at maybe almost up to 2 percent a
23 year, growth. Now it's probably down around 1½, in
24 the longer term. So even in the longer term, we're
25 seeing some expectation it'll be a little bit

1 slower. But in the immediate very short term, it's
2 basically flat.

3 **CHAIRMAN HOWARD:** And that -- the 1.5, is that
4 for South Carolina or is that for your overall?

5 **MR. WATERS:** That's overall.

6 **CHAIRMAN HOWARD:** Overall. Thank you.

7 **MS. ANDERS:** Thank you, Sam.

8 **MR. ANTHONY:** Mr. Chairman, if you would
9 indulge us and allow us to go back to a question
10 Commissioner Hamilton asked about our Sutton plant
11 and the voltage issue, I just don't want to leave
12 here when we've had an opportunity to really talk
13 in-depth about how our system is designed and what
14 our needs are.

15 Ms. Anders has taught me a lot of things, so
16 I'm going to say some words, and if I'm wrong you
17 need to correct me. But fundamentally, I think the
18 issue is we have a lot of generation towards the
19 middle part of the Carolinas. We've got a fair
20 amount of load growth going on in the East. We
21 also have the Brunswick nuclear plant in the East.
22 And for reasons I can never explain, that causes
23 certain voltage issues that require a 600 megawatt
24 facility to exist where the current Sutton coal
25 plants exist, which is basically near Wilmington.

1 And if there's not 600 megawatts there, then it
2 creates the stability and voltage problems that Ms.
3 Anders represented.

4 So it's not that we have a problem with the
5 grid or anything; it's just a matter of where the
6 existing generation is, compared to where the load
7 is, and particularly given the Brunswick nuclear
8 plant. There's a requirement that 600 megawatts be
9 located almost exactly where that plant is. We
10 can't even -- when we were looking at where we
11 would build the new combined-cycle to replace that
12 plant, we couldn't even move it more than maybe 30
13 miles one way or the other and not have the voltage
14 issue.

15 So if I misspoke anywhere along those lines --
16 that's why it's a unique situation we're having to
17 build the plant right where it is. And then, as
18 far as investment in South Carolina -- which I know
19 is near and dear to your heart, and ours as well --
20 we're looking at what we're going to do with the
21 Robinson plant, given the environmental issues that
22 are driving us to do something with our other coal
23 plants that don't have the emissions controls on
24 them. We will have to deal with that at some
25 point, but again, there are all these variables

1 that right now are so uncertain, and fortunately,
2 we do have the luxury of not having to make a
3 decision right this minute about what to do. We
4 have a little time to see how that will play out,
5 and then we can make the best decision for all of
6 the Carolinas. Is that fair?

7 **MS. ANDERS:** [Nodding head.]

8 **CHAIRMAN HOWARD:** All right, Ms. Birmingham-
9 Byrd, we'll go to your turn.

10 **MS. BIRMINGHAM-BYRD:** Thank you, very much.
11 Good morning. It's a pleasure being here, and I
12 appreciate you taking the time to meet with us. I
13 am here to share with you what we're doing in the
14 areas of economic development here in South
15 Carolina -- as soon as we get the presentation up.

16 I will tell you that Progress Energy primarily
17 focuses on three areas when we look at our
18 philanthropic giving. Those areas are the
19 environment, education, and economic development.
20 So what I will share with you is what we're doing
21 in areas of economic development, but
22 notwithstanding what we're also doing in the area
23 of community development, because we also believe
24 we have to develop our communities in order to
25 further develop industry and attract industry into

1 South Carolina.

2 [Reference: *Economic Development in*
3 *South Carolina* PowerPoint, Page 2]

4 If you look at the first slide, this pretty
5 much just lays out for you what our service
6 territory covers or what it entails. In South
7 Carolina we serve 164,000 customers in 13 counties,
8 and that includes 52 municipalities.

9 [Reference: *Economic Development in*
10 *South Carolina* PowerPoint, Page 3]

11 When you look at our operations in the State,
12 we have approximately 745 employees serving in
13 those functions listed: administrative; corporate
14 relations; IT; energy delivery, which is primarily
15 distribution; transmission; energy supply, which
16 includes nuclear, as well as fossil and combustion
17 turbine; along with financial. So when you look at
18 the impact we make with the payroll, just our
19 annual payroll in the State, that comes to about
20 \$64 million over the last two years on average. So
21 \$63 million in '09 and projecting to be about \$65
22 million in 2010.

23 If you look at our facilities, we are also
24 located throughout our service territory, with our
25 regional headquarters being located in Florence.

1 We have facilities in Marion, as well as Kingstree
2 and Hartsville. And in Hartsville we also have our
3 generating facilities there, as well. We have
4 facilities in Darlington, Cheraw, and Sumter. Of
5 the facilities and plants from which we operate, we
6 pay approximately \$24 million in property tax
7 annually. I will say, Hartsville, we -- or
8 Darlington County -- we are the single largest
9 taxpayer in Darlington County as a result of our
10 generating facilities. And that's approximately a
11 \$12 million tax check we present each year.

12 [Reference: *Economic Development in*
13 *South Carolina* PowerPoint, Page 4]

14 Just some demographics about our service
15 territory: 6,300 primary line miles, 9,400 square
16 miles. South Carolina service territory is the
17 largest in terms of geographic miles. We maintain,
18 replace, service 73,000 transformers and over
19 233,000 poles.

20 [Reference: *Economic Development in*
21 *South Carolina* PowerPoint, Page 5]

22 When we talk about what we do to support
23 economic development, it's important to us that
24 we're able to maintain a reliable system, and so we
25 have invested in our infrastructure, ensuring that

1 we're able to provide system integrity, ensuring
2 that we have those programs and support our system
3 integrity.

4 So I've just outlined here what some of those
5 programs are, such as performing preventative
6 maintenance on critical devices to ensure that
7 we're able to continue to provide reliable power to
8 our customers. Performing cyclical infrared scans,
9 which is a critical preventive maintenance
10 activity. It's actually a predictive maintenance
11 activity; it pretty much tells us before a
12 component or a device fails where we may have a
13 problem, so we can go in and proactively replace
14 that equipment.

15 In 2009, just to give you a couple of data
16 points, we completed over 3,100 maintenance items.
17 Those maintenance items were the result of some
18 proactive patrols that we performed: broken guys,
19 some cracked insulators. Year-to-date, we've
20 completed at least 2,800 maintenance items, so we
21 are on track to complete more maintenance items in
22 2010.

23 Over the past three years, we've invested
24 significantly in our Integrated Vegetation
25 Management Program of \$9 million, and that includes

1 not just the production tree trimming or pruning,
2 but also some emergent or demand trimming. It also
3 includes mowing, herbicides, right-of-way clearing,
4 and some tree planting programs where we work with
5 the communities to plant the right trees in the
6 right place.

7 [Reference: *Economic Development in*
8 *South Carolina* PowerPoint, Page 6]

9 Continuing on with our system integrity
10 programs, we have targeted pole patrols and
11 replacement, recloser maintenance, air brake switch
12 maintenance, air gap arrestors, and underground
13 cable replacement. Those are also very important
14 to ensure integrity on our system, so we do have
15 preventive maintenance programs that we track and
16 monitor to ensure that we meet, if not exceed,
17 those scheduled requirements.

18 [Reference: *Economic Development in*
19 *South Carolina* PowerPoint, Page 7]

20 When we look at ensuring that we're not only
21 helping develop the community but also to bring new
22 business into the State, as well as retain existing
23 business in the State, one of the areas we really
24 focus on from top executive to our first-line
25 employee is customer satisfaction, which is very

1 important to us.

2 Progress Energy, we have in fact -- and we use
3 the JD Power customer satisfaction survey. This
4 particular survey -- this is not a transaction
5 survey; this is a perception survey. So,
6 administering this survey, we are able to receive
7 information back as to the perception our customers
8 have about Progress Energy. Since this survey was
9 created, Progress Energy has been in the top
10 quartile compared to some of our peers. In the
11 South, primarily Southeast, there is a more
12 stringent ranking of utilities. Progress Energy,
13 we remain in the top of those peer utilities in the
14 South. And along with that, within that southern
15 utility peer group, we have ranked as one of the
16 top two or three utilities. So this is a focus
17 area for us to ensure that we are delighting our
18 customers through our service, as well as
19 reliability, in the interactions they have with us.

20 Along with that, we've also been recognized by
21 our business customers, so when we talk about
22 economic development, attracting and retaining new
23 businesses, our business customers have also ranked
24 us as being high in delivering that level of
25 satisfaction they expect and deserve. We've

1 received that award two years consecutively, along
2 with the JD Founders Award and the American
3 Customer Service Index Award, which over the past
4 ten years we have consistently been in the top
5 quartile.

6 [Reference: *Economic Development in*
7 *South Carolina* PowerPoint, Page 8]

8 As we continue to look at that satisfaction,
9 what is critically important is, in the Southeast,
10 we experience significant storms, primarily
11 hurricanes. We also see ice storms, wind storms,
12 and such. It's important that when these storms
13 come through our service territory, we are able to
14 respond quickly. That's very important to not just
15 residential customers but definitely to our
16 business customers. And when these customers are
17 looking to move into a service area, they want to
18 make sure that they are able to continue to operate
19 with very few if not limited interruption.

20 Progress Energy has been recognized by the
21 Edison Electric Institute for our restoration
22 efforts. We were last recognized for the 2008
23 storm activity and received Emergency Response five
24 times out of the 11-year history, as well as
25 assistance recognition for helping other utilities.

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[Reference: *Economic Development in South Carolina* PowerPoint, Page 9]

Also, along with that customer satisfaction, we've been recognized by our legislators. Our line employees there are in Columbia with some of our transmission distribution employees, for the work that they do, and our legislators actually presented those linemen with a resolution thanking them for what they do to keep the power on in South Carolina.

[Reference: *Economic Development in South Carolina* PowerPoint, Page 10]

Also, as we look at community development, you know, I wanted to make sure we're able to talk about what we do to make our rates for electricity as affordable as possible. Over the last two years we've been able to lower our rates as a result of reducing the fuel factor. So that has been important to us understanding that our customers are sensitive to any type of increases, especially in this economic climate.

Along with that, for some of our residential customers, which is still very important, we're able to assist -- within the communities we have what's called an Energy Neighbor Fund. And that

1 fund is a program where we actually ask employees
2 to assist by contributing to help people in the
3 community who are in need of support, due to
4 hardship. So this program helps low-income
5 individuals and families to help cover their energy
6 bill, regardless of heating source. And over the
7 last five years, we've raised \$300,000 from our
8 employees to help assist these customers.

9 [Reference: *Economic Development in*
10 *South Carolina* PowerPoint, Page 11]

11 When we talk about our communities, as well,
12 to develop, we also rolled out our Neighborhood
13 Energy Saver Program. We rolled out this program
14 across Progress Energy Carolinas. East Florence
15 was the second location of all locations this
16 program was rolled out, and in South Carolina we
17 have rolled it out in Florence, as well as Marion.
18 What this entails is we hire contractors to --
19 first of all, we had a kickoff meeting where we
20 brought people from the community and targeted
21 areas where we have low-income customers, who we
22 believe if we help educate them that will help
23 change how they use electricity, how they use
24 energy. So we brought them in, and we had great
25 turnouts in East Florence, as well as Marion, to

1 help them understand what they could do
2 differently, their own habits, to reduce their
3 energy bill. And along with that, we provided them
4 with energy efficiency measures such as CFL bulbs,
5 some water-heater insulation wrap, aerators for
6 their faucets, so a number of different products we
7 provided them with, to help them reduce their
8 energy bill. So education is also very key as we
9 work with our communities.

10 [Reference: *Economic Development in*
11 *South Carolina* PowerPoint, Page 12]

12 Along with that, we also had an award that was
13 presented to South Florence High School. South
14 Florence High School is one of the five schools in
15 all of Carolinas to receive PV arrays and some
16 educational materials, as we look at energy
17 efficiency and helping educate our community about
18 energy usage and energy conservation. So this is a
19 kickoff that I actually did in May, I believe, with
20 the South Florence High School students, the
21 principal, and class president, and we are very
22 excited to take energy efficiency products into the
23 schools, because we recognize that this is our
24 future; we have to make sure that we prepare our
25 customers -- our soon-to-be customers -- in the

1 State on what they can do to ensure they are being
2 as efficient as possible, understanding
3 consumption, and providing them that education as
4 needed.

5 [Reference: *Economic Development in*
6 *South Carolina* PowerPoint, Page 13]

7 When you look at contributions that we've made
8 in the State, over the past five years we've
9 contributed about \$2.7 million to nonprofit
10 organizations for education and community
11 development. \$1.2 million of that was raised by
12 our own employees with matching funds from the
13 company through our E-Giving Program. We've
14 contributed, as I stated earlier, \$300,000 to the
15 Energy Neighbor Fund. Education -- as I stated,
16 economic development, education, and environment.
17 Education is one of the focus areas for us. As we
18 are able to improve our educational system within
19 the State, that brings in or attracts new business,
20 and we recognize that as being important in the
21 community. So we work very closely with the higher
22 learning institutions -- such as USC, Clemson,
23 South Carolina State, Francis Marion, and Coker --
24 and we also work with some of our emerging science
25 and math programs, such as the South Carolina

1 Governor's School of Science and Math. With our
2 technical college system, we see our technical
3 college system really being a gem for us in South
4 Carolina. So we work with them, we partner with
5 them to develop programs to prepare our workforce
6 for new opportunities within the energy field as
7 they become available. Along with that, we also
8 fund scholarships and internships to those schools
9 listed, in an effort to help our students within
10 South Carolina with the necessary funding so they
11 can pursue their education and ensure readiness for
12 opportunities as businesses come into our State or
13 expand.

14 Then we also have environmental programs we
15 support, such as the South Carolina Waterfowl
16 Program, which works with wood duck boxes we
17 purchase, and also our Pee Dee Land Trust where we
18 donate land as well as money to help our
19 environmental programs in the State.

20 [Reference: *Economic Development in*
21 *South Carolina* PowerPoint, Page 14]

22 We continue to look at what we're doing with
23 those learning institutions. We've also partnered
24 with a number of these institutions to develop
25 career development programs. One of those programs

1 is the pipe welding program with Florence-
2 Darlington Tech. Currently we have about 136
3 welding students. And for most of us who are
4 familiar with the future of the energy industry,
5 actually, our current state, there is a huge need
6 for welders, and that is a very good-paying job.
7 So we want to make sure that we're helping tech
8 schools prepare students -- make this, first of
9 all, known to them that this is an opportunity
10 within the energy industry, and prepare them by
11 providing funding to help them offer a program.

12 So, currently, there are 136 welding students.
13 This is a one-year-curriculum welding program.
14 There are 53 students in the construction pre-pipe
15 program, a 640-hour welding program that we've
16 supported, started November 2009. And since, we've
17 graduated 17 pipefitters in April of 2010 and 15
18 pipefitters in August of this year, as well. So
19 this is a program we continue to invest in and
20 we're hoping that we're able to prepare our
21 students for these opportunities as we continue to
22 expand in the areas of welding. We look at also
23 Florence-Darlington Tech; we've partnered with them
24 to develop a mechanical engineering technology
25 degree with a nuclear concentration. We partner --

1 and this is very new; this is a great program. We
2 are working with -- our nuclear organization is
3 actually working with Florence-Darlington Tech.
4 Since we know that nuclear is definitely a part of
5 our focus area where we see the future of energy,
6 we wanted to make sure that there was a degree
7 program out there to help students prepare for the
8 evolution of the industry going -- well, hopefully,
9 towards more nuclear. So we've created this
10 program working with the administration at
11 Florence-Darlington Tech, and it's scheduled to
12 start in January 2011.

13 Also with Florence Darlington Tech and
14 Northeastern Technical College, we have what's
15 called our Power Careers Program. We've placed 18
16 students in this program at our plants. We hired
17 six of the 18 and there are still five students
18 currently active in the program. This program, it
19 was designed to attract some promising high school
20 and technical community school students, and
21 provide an introduction to the business of power
22 plant operations. And so this has been a very
23 successful program for us in attracting students
24 into the industry.

25 We had the PEER and WISE Programs. We partner

1 with Clemson University. And what these programs
2 are, they provide mentoring and counseling to
3 hundreds of African-American, Hispanic, Latino, and
4 women engineering students. So we're also working
5 closely with Clemson University to help bring some
6 of our nontraditional candidates into our industry
7 and making sure they have the tools, knowledge, and
8 resources they need to be successful.

9 Then lastly, we have the Power Engineering
10 Lecturer Program that we also partner with Clemson
11 University. And this is a certificate program that
12 engineering students can actually receive through
13 Clemson. So we have engineers who work with the
14 University to help write the curriculum for this
15 program, and their instructors deliver the
16 training.

17 As we look at actual ventures, we've -- before
18 we go to this slide, in your packet you may see a
19 slide that has a pie chart. And I do apologize; I
20 did insert this after sending the electronic
21 document.

22 [Reference: *Economic Development in*
23 *South Carolina* PowerPoint, Page 15]

24 I just wanted to share with you -- as we talk
25 about economic development, I didn't want to be

1 remiss in sharing with you what we're doing to
2 support vendors out of South Carolina. So that's
3 also important, as we are able to help support our
4 local vendors, so between 2009 and 2010 we're on
5 track to spend over \$100 million with these vendors
6 based out of South Carolina. As you can see, the
7 largest percentage of that spend is primarily with
8 building and construction and maintenance service
9 vendors out of South Carolina. That next red slice
10 is titled "unclassified." What that consists of is
11 a number of credit card transactions where we're
12 actually spending -- or, any material that isn't
13 delivered to an actual facility but to -- I'm sorry
14 -- to a distribution facility, but to our general
15 warehouse.

16 So I just wanted to share that with you, and I
17 apologize for not including it in the presentation
18 that I've done.

19 As we go to the slide that's on the screen --

20 [Reference: *Economic Development in*
21 *South Carolina* PowerPoint, Page 16]

22 -- some of the development we have been
23 involved with are those that are listed: In
24 Florence County, we were at the table providing
25 support to the economic development directors in

1 these counties, working side-by-side with them,
2 providing engineering support, providing load study
3 support, to help bring these businesses into South
4 Carolina. Johnson Controls in 2009, that was a
5 \$100 million capital investment and brought 250
6 jobs into Florence County. McCall Farms, we worked
7 with in both 2010, this year, as well as 2008,
8 which was a \$12.9 million capital investment,
9 bringing in 105 new jobs.

10 Sumter County, we worked with Kayden in those
11 two years, 2010 and 2006, more than \$33 million
12 capital investment and 160 jobs. Marion County,
13 Softee Supreme, we worked with Softee Supreme and
14 the Marion County administrators in 2009. That was
15 a \$6 million capital investment and 262 jobs.

16 Kershaw County working with Forgitron,
17 Ahlstrom, and Haier between the years of '07 and
18 2010, combined that was about a \$33 million capital
19 investment and bringing in over 320 jobs.

20 So those were some of the ventures we were
21 involved with in providing support, whether it's
22 time, resources, in terms of funding, to help bring
23 those businesses into South Carolina.

24 [Reference: *Economic Development in*
25 *South Carolina* PowerPoint, Page 17]

1 Some of the current development ventures we're
2 involved with is the I-95 corridor study that's
3 currently taking place along with the I-20 Corridor
4 Regional Coalition. We've been meeting with some
5 developers looking at a commerce park in Florence.
6 Kershaw County spec building, we've been working
7 with Kershaw County. I-95 mega-site, working with
8 Dillon County administrators. Williamsburg County,
9 working with their administrators with the
10 development of an industrial park. Tech Foundation
11 Park in Darlington County, Steeplechase Industrial
12 Park in Kershaw County, and also South Atlantic
13 International Logistics Center in Marion County.

14 [Reference: *Economic Development in*
15 *South Carolina* PowerPoint, Page 18]

16 What we do along with that to promote economic
17 development in South Carolina, we actually have
18 riders, economic development riders, that we're
19 able to extend to new entities, new establishments
20 or businesses, as they are coming into our service
21 territory or starting up operations.

22 We have a economic development rider that
23 applies to green-field sites or an existing
24 establishment, and it has to be -- there are
25 certain criteria. So it has to be a three-shift

1 operation, has to have customers with load greater
2 than a 1,000 kW contract demand. Can't be
3 residential or a public administration facility.
4 But with this rider we're able to offer our
5 customers credit over a five-year period, and that
6 credit, what it is, it's considered a declining
7 demand reduction and it's based on at least an 80
8 percent load factor. And based on that credit,
9 we're able to provide a reduction of \$7.50 per kW
10 during the first year of operations and then it
11 goes in increments of \$1.50 for each year through
12 the fifth year. So that's one way we work with
13 those potential industries as they are coming into
14 South Carolina, to make them relocating to our
15 State more attractive.

16 [Reference: *Economic Development in*
17 *South Carolina* PowerPoint, Page 19]

18 We also have a redevelopment rider, an
19 economic redevelopment rider. And this applies to
20 existing premises served or previously served by
21 Progress Energy. And with this, the criteria is
22 the premises must have been unoccupied for a
23 minimum of 60 days. Customers, you have to have at
24 least 500 or greater kW of contract demand. Again,
25 nonresidential; it doesn't apply to public

1 administration. There's two different levels: If
2 contract demand is 500 to 1,000 kW, the customer
3 receives 25 percent of the total bill, 25 percent
4 credit of their total bill, for 12 months. Then if
5 the load is greater than 1,000 kW, the customer
6 receives a credit of 50 percent of their bill for
7 12 months. Other criteria is the customer must
8 remain in operations at that location for at least
9 five years and their load factor must be equal to
10 or greater than 40 percent.

11 [Reference: *Economic Development in*
12 *South Carolina* PowerPoint, Page 20]

13 Then lastly, I thought I would also include
14 this because, although this is not very common, we
15 don't routinely offer this to our customers, it is
16 available if requested. So if the redevelopment
17 rider is one our customers are interested in, but
18 instead of a declining demand reduction over five
19 years, they just want to levelize or an average
20 rate which provides them some credit, we do make
21 that available to them, as well. A prime example
22 is with Grant Forest we offered that levelized
23 rate, contracted rate, for what is now Georgia
24 Pacific, out of Alcolu, and they're currently
25 living out that rate contract.

1 [Reference: *Economic Development in*
2 *South Carolina* PowerPoint, Page 21]

3 How do we continue to promote economic
4 development? We have a license fee credit we're
5 able to use to help businesses within our service
6 territory. We're able to direct up to \$300,000
7 each year in license fee credits to counties in our
8 service territory to help with regional
9 infrastructure projects. So over the past six
10 years we've given these credits to, in 2005,
11 Chesterfield, Kershaw, Clarendon; 2006, Clarendon
12 County; 2007, Sumter, Florence, Lee, Marion, and
13 Kershaw Counties; 2007 [sic], Clarendon, Florence,
14 Kershaw, Lee, Marlboro, Sumter, and Williamsburg
15 Counties; 2009, Darlington, Williamsburg,
16 Chesterfield, and Clarendon Counties; and then
17 year-to-date in 2010, we've been working with
18 Darlington and Williamsburg Counties.

19 We definitely try to spend the full \$300,000
20 to help with these regional infrastructure
21 projects. Many times, the majority of the times,
22 the counties come to us. But as we are being made
23 aware of activity, regional development activity,
24 taking place in those counties, we oftentimes go to
25 them as well to see if they need our help.

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[Reference: *Economic Development in South Carolina* PowerPoint, Page 22]

When we look at industrial recruitment also along with promoting economic development in our State, the South Carolina Industry Partnership Fund, a/k/a SC Launch, we've provided support to SC Launch since its inception. Over the past five years, we've invested over \$2.7 million in this program, and we were the first corporation to support the program when it started up in 2006.

If you're not familiar with SC Launch, it's a joint venture between the South Carolina Research Authority and the Research Foundations at Clemson, USC, and MUSC.

We also provide marketing, leadership support for the Marion County Master Plan. We sat down with the Marion County administrators and legislators to look at opportunities for this new intermodal facility, so we are working with them and have been working with them providing them the support they need to pursue the master plan in an attempt or effort to bring this industrial park into Marion County, which we know has the highest unemployment rate in our State, so that is something we are definitely wanting to see happen.

1 We're participating in regional NESAs and
2 Central South Carolina Alliance activities in
3 providing financial support for recruiting
4 initiatives. We're engaged with economic
5 development councils and partnerships to recruit
6 new and expanding industries. We provide them RFP
7 input, consultation, and technical expertise, as
8 needed and as they request.

9 We also have an Industrial Shell Building
10 Program. This, we've supported construction of two
11 shell buildings in Kershaw County through this
12 program by providing a \$400,000 loan for each of
13 these buildings.

14 Then lastly there, marketing support we
15 provided for these buildings, through promotion and
16 our Fast facility online tool, economic development
17 website, as well as our external economic
18 development newsletter -- which I'll share with you
19 in a moment.

20 [Reference: *Economic Development in*
21 *South Carolina* PowerPoint, Page 23]

22 The next slide here, just wanting to show
23 that. Progress Energy, we were one of North
24 America's top utilities for economic development
25 seven times in the last eight years, so we've been

1 recognized by *Site Selection* Magazine as being very
2 progressive in areas of economic development.

3 One of the tools we use for promoting South
4 Carolina industry and opportunities to do business
5 in South Carolina is through this newsletter I
6 provided to you, which is called *circuit*. And if
7 you look at this edition of the *circuit*, this was
8 our Spring issue, you'll see where we have two of
9 our South Carolina -- now, this covers our entire
10 service territory, South Carolina and North
11 Carolina, as well as we highlight activities in
12 Florida. Our Spring issue, you'll see where we
13 highlight Williamsburg County, SNRY Solar Energy,
14 and also Landing Gear on the inside cover. This
15 particular newsletter goes out to over 1,500
16 economic development allies across the country. So
17 it definitely provides for some great marketing,
18 PR, promotions for shell buildings or business
19 partnerships and opportunities within the State.

20 [Reference: *Economic Development in*
21 *South Carolina* PowerPoint, Page 24]

22 One of the other ways we promote economic
23 development is through our own website. We do have
24 a link on our website for economic development, and
25 I just went to the website. I did not have our IT

1 memberships, we sit on many of these boards, and
2 also provide financial support for these economic
3 development partners. Over the past five years,
4 we've provided over \$520,000 to economic
5 development organizations throughout our service
6 territory. Year-to-date we've contributed \$56,000
7 to these partners.

8 [Reference: *Economic Development in*
9 *South Carolina* PowerPoint, Page 26]

10 Okay.

11 **CHAIRMAN HOWARD:** Any questions? Commissioner
12 Hamilton.

13 **COMMISSIONER HAMILTON:** Yes, ma'am. I'd like
14 to compliment you on the report you've given. I
15 think it was very good. Being from the Pee Dee,
16 I've always known Progress Energy to be a very good
17 friend to the local community, but I've got a few
18 concerns that you can probably answer for me. You
19 mentioned on these development partnerships, on
20 many of them you have a seat at the table. Who's
21 filling the seat at the table now?

22 **MS. BIRMINGHAM-BYRD:** Development
23 partnerships, we have -- it varies. Never -- or, I
24 won't say never. We have a community relations
25 manager who has been involved with these

1 partnerships. We have account executives. We also
2 have a director of economic development who sits at
3 the table. And then I myself, as well, am
4 available to those organizations to participate in
5 looking at economic development opportunities.

6 **COMMISSIONER HAMILTON:** You had -- in the past
7 you had a team --

8 **MS. BIRMINGHAM-BYRD:** Uh-huh.

9 **COMMISSIONER HAMILTON:** -- of economic
10 developers that worked through commerce, through
11 county government, through the partnerships, that
12 were on hand.

13 **MS. BIRMINGHAM-BYRD:** Uh-huh?

14 **COMMISSIONER HAMILTON:** It was one person --

15 **MS. BIRMINGHAM-BYRD:** Right.

16 **COMMISSIONER HAMILTON:** -- that all these
17 people could call. I'm still very involved in
18 local government in the Pee Dee. Serving the COG,
19 past chairman of the Pee Dee COG and past state
20 president.

21 **MS. BIRMINGHAM-BYRD:** Right.

22 **COMMISSIONER HAMILTON:** And we don't see the
23 presence now that we used to see. You've got --

24 **MS. BIRMINGHAM-BYRD:** Okay.

25 **COMMISSIONER HAMILTON:** I don't know -- how do

1 you -- the people that are doing the job that these
2 other people devoted 100 percent of their time to,
3 is being done by someone else now that has other
4 duties that this is not a priority, it appears.

5 **MS. BIRMINGHAM-BYRD:** Well, it is a priority.
6 It's -- what happened, to your point --

7 **COMMISSIONER HAMILTON:** It's an assigned
8 priority by you?

9 **MS. BIRMINGHAM-BYRD:** It's an assigned
10 priority by me; it's an assigned priority by our
11 executive leadership team. And that individual
12 that was in the economic development role, we
13 consolidated. We did have a dedicated person, as
14 you well know. And across the entire organization
15 we did consolidate that position where our
16 community relations manager is the single-point
17 primary point of contact.

18 **COMMISSIONER HAMILTON:** Who is it?

19 **MS. BIRMINGHAM-BYRD:** Mindy Taylor. Mindy
20 Taylor. Single point of contact, and that's in
21 South Carolina, Mindy Taylor is. So she pretty
22 much -- and I must admit something; she really
23 picked up the pieces and continued our
24 relationships with these economic development
25 organizations through the transition and she worked

1 very closely with her predecessor to make sure that
2 this change was as transparent as possible, or
3 seamless as possible, to our partners.

4 **COMMISSIONER HAMILTON:** I know Mindy quite
5 well, and I certainly think she's a very capable
6 person, but she's got a lot of shoes to fill with
7 performing duties that she's had in the past and --

8 **MS. BIRMINGHAM-BYRD:** Right.

9 **COMMISSIONER HAMILTON:** -- with -- present
10 industry deserves a great deal of attention. And I
11 don't know why it was done. I assume it was a
12 cost-saver. But in the area of the State that has
13 the highest unemployment of any other area in South
14 Carolina, industrial development to this area means
15 more, and we always had -- when I was chairman of
16 the county council, you had individuals in those
17 positions that we would -- all local governance,
18 all these people are part-time people. They have
19 no idea of where you need to go to find different
20 things. What you provided, what Progress Energy
21 provided to those counties that could not afford
22 individuals to be on their payroll to do and help
23 with the things they did, was invaluable. And I
24 think it would be a good effort, if possibly the
25 management would rethink their position as to how

1 important these jobs were, especially in the times
2 we're going now. We didn't always get the industry
3 but we always felt like we had a shot at it because
4 of the professionalism of the executives that you
5 had that helped us.

6 **MS. BIRMINGHAM-BYRD:** Right.

7 **COMMISSIONER HAMILTON:** And of course, I'm not
8 speaking for this Commission. I'm speaking for a
9 fellow from Marlboro County --

10 **MS. BIRMINGHAM-BYRD:** I understand.

11 **COMMISSIONER HAMILTON:** -- that's got the
12 second highest unemployment in the State of South
13 Carolina.

14 **MS. BIRMINGHAM-BYRD:** Absolutely. And I will
15 definitely take that back again. The transition
16 was supposed to be as seamless as possible. We
17 don't go on recruiting trips like we once did, as
18 you well know.

19 **COMMISSIONER HAMILTON:** Right.

20 **MS. BIRMINGHAM-BYRD:** But in terms of having a
21 single point of contact between Mindy and then also
22 Catherine Thomas, who's originally from this area
23 -- or from the Florence area -- she also engages
24 anytime there's any workload issue, but it's a
25 primary focus for us.

1 **COMMISSIONER HAMILTON:** Well, I don't think
2 you probably really understand the commitment that
3 these individuals had to the counties and the
4 people they worked with. And they were working
5 with pure amateurs. And they did everything to
6 help train us and to keep us moving, and they were
7 there anytime you needed them, Saturday, Sunday,
8 night or day.

9 **MS. BIRMINGHAM-BYRD:** Absolutely. Absolutely.
10 You had Peggy McLean, and she was a very --

11 **COMMISSIONER HAMILTON:** God bless Mindy, and I
12 love her, but she can't do all that.

13 **MS. BIRMINGHAM-BYRD:** That's -- okay. Thank
14 you for that.

15 **COMMISSIONER HAMILTON:** Yes, ma'am.

16 **CHAIRMAN HOWARD:** Commissioner Whitfield.

17 **COMMISSIONER WHITFIELD:** Thank you, Mr.
18 Chairman.

19 Thank you for that presentation this morning.
20 I think you've gotten a little more in-depth in
21 economic development than we have in the past. I
22 have a question kind of going along the lines that
23 Commissioner Hamilton was. I know you mentioned
24 some of those counties, and that whole Pee Dee
25 area, as we know, has really suffered through -- as

1 they've lagged behind in employment, and those
2 statistics over there. But you do have some
3 specific examples listed here, and I notice some of
4 them are -- for instance, McCall Farms, an addition
5 of an existing facility, or in the case of Ahlstrom
6 Nonwovens, redevelopment of an old facility. And I
7 guess what my question to you is, is I see your two
8 riders here that you presented, the rider for
9 redevelopment for customers greater than 500 kW,
10 and the promoting new economic development for
11 customers over 1,000 kW. If you could, what kind
12 of frequency are those riders being implemented? I
13 guess, of course, it depends on their demand, as it
14 states, but what kind of success are you having
15 with that, or what kind of impact are you having
16 with that? Because I do notice about -- several of
17 these examples, which are good examples you listed,
18 are additions to existing industry or redevelopment
19 of old facilities that have closed. And of course,
20 some of them are new development, which we applaud
21 all jobs we can get in this State right now.

22 **MS. BIRMINGHAM-BYRD:** Right. I believe the
23 answer to your question is, what we've seen, as
24 well as the State, the 500 or greater, 1,000 or
25 greater, that's really more applicable to large

1 industry, large facilities, and we've seen a
2 downturn. We have seen a reduction in those
3 facilities coming into our State, which is why we
4 think these riders are important. So as we start
5 to ramp back up in areas of manufacturing or
6 pharmaceutical, we still have these tools available
7 to attract those large companies.

8 But to your point, not as frequently, because
9 we're also riding the wave and we saw that downturn
10 in those large facilities coming into any of our
11 counties in the State, with the exception of Boeing
12 and such.

13 **COMMISSIONER WHITFIELD:** Thank you, ma'am.

14 **MS. BIRMINGHAM-BYRD:** Okay.

15 **COMMISSIONER WHITFIELD:** Thank you, Mr.
16 Chairman.

17 **CHAIRMAN HOWARD:** Commissioner Hall.

18 **COMMISSIONER HALL:** Thank you, Mr. Chairman.
19 Ms. Birmingham, on your slide on page 15 with your
20 purchasing agreements with vendors --

21 **MS. BIRMINGHAM-BYRD:** Yes.

22 **COMMISSIONER HALL:** -- I was just interested
23 to know, if you know, how many of these vendors are
24 minority-owned businesses.

25 **MS. BIRMINGHAM-BYRD:** I do know -- we don't

1 have the specifics, but we do have a group that
2 focuses on diversity, absolutely. We actually -- I
3 was just in Greenville the other week, working with
4 diversity suppliers, trying to help them understand
5 how to do business with Progress Energy and, in
6 general, just providing them some guidance for
7 doing business with any industry.

8 I do have that information. I can provide it
9 to you. We do have a focus on diversity suppliers
10 that we work with CMSDC, the minority supplier
11 organization, the national as well as the South
12 Carolina and North Carolina organizations, to make
13 sure they have a seat at the table when looking at
14 opportunities. We're looking at them and calling
15 them, and then if they have a business proposition
16 they know to call on our organizations, as well.

17 **COMMISSIONER HALL:** Okay. Thank you.

18 **MS. BIRMINGHAM-BYRD:** But I can get that
19 information for you.

20 **COMMISSIONER HALL:** Okay. Thank you.

21 **CHAIRMAN HOWARD:** Commissioner Mitchell.

22 **COMMISSIONER MITCHELL:** Thank you, Mr.
23 Chairman.

24 Along the same lines, economic development --
25 which I, too, live in a rural area -- I would

1 welcome any help that Progress could give me, but I
2 don't think I'm going to get much where I live.

3 [Laughter]

4 But, having the same problems, you mentioned
5 the potential candidates that might be out there
6 for welders, pipefitters. It sounded like a very
7 good program you have instigated. I assume you
8 bring in the technical facilities in the area to
9 aid -- to give these potential candidates aid. My
10 question is, how are these people made aware of
11 these positions? Do you have more than one means
12 of supplying information out there for these
13 people, maybe when they're in high school and
14 thinking about what they're going to do after they
15 get out of high school? Could you just give me a
16 brief synopsis of how you initiate that program?

17 **MS. BIRMINGHAM-BYRD:** Absolutely. Great
18 question. We actually go before high school. We
19 start, you know, in the middle schools, going out
20 to the schools, and also the high schools -- middle
21 schools and high schools -- telling students about
22 career opportunities. We send the actual employees
23 out there to talk about what they do and to talk
24 about the future and the opportunities that are
25 available to them within energy industry; and

1 primarily we want them at Progress Energy, so
2 within Progress Energy. We, again, work with the
3 tech schools, and we make them aware of
4 opportunities as they become available. We not
5 only publish any new job openings online via the
6 Internet, we also publish those job openings with
7 those schools that we work closely with. We
8 participate in recruiting fairs. Anytime we have
9 new positions, we like to call the schools to tell
10 them about these new opportunities. I'm primarily
11 looking for more females in nontraditional roles,
12 so I contacted the president of Florence-Darlington
13 Tech and told them, "This is something I'd like to
14 work on. You know, is there an opportunity for us
15 to get that information out to students within the
16 program?"

17 So we reach out in a lot of different ways.
18 We go to the students. We'll bring the students to
19 us to shadow our employees for a day. They love
20 the line trucks, of course. But to shadow some of
21 our employees for the day, but we also work with
22 those local tech schools and universities to make
23 them aware of opportunities we have.

24 Along with that, we also have internships, so
25 we work very closely with the universities by

1 trying to help place some of their students into
2 our facilities, primarily in our nuclear
3 organization.

4 **COMMISSIONER MITCHELL:** And the very third
5 part of my question is, are all the high schools
6 notified in this region or -- you spoke about going
7 to high schools. Are the larger high schools, or
8 even the smaller schools, are they all included in
9 the same supply of information?

10 **MS. BIRMINGHAM-BYRD:** Well, we are physically
11 not able to get to every school but we make that
12 information available to the districts. And so we
13 have individuals who live in rural areas; they have
14 an affinity for that school in the rural area and
15 they want to make sure they're able to go to the
16 schools in some of the remote areas, and we
17 encourage that. But we try to work first of all at
18 the district level, ask them where they'd like for
19 us to go, and then, depending on where they would
20 like for us to go, those are the schools we go to.

21 **COMMISSIONER MITCHELL:** Thank you.

22 **MS. BIRMINGHAM-BYRD:** Uh-huh.

23 **COMMISSIONER MITCHELL:** Thank you, Mr.
24 Chairman.

25 **CHAIRMAN HOWARD:** Any other questions?

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[No response]

Thank you, very much. Mr. Anthony?

MR. ANTHONY: Nothing else, Mr. Chairman.

CHAIRMAN HOWARD: Before I close, I want to notice the presence of ORS through Ms. Reibold back there.

MS. REIBOLD: [Indicating.]

CHAIRMAN HOWARD: And thank you all for coming.

MS. BIRMINGHAM-BYRD: Thank you.

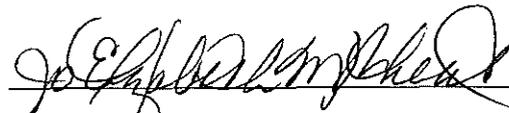
CHAIRMAN HOWARD: With that, the hearing is adjourned.

[WHEREUPON, at 11:40 a.m., the proceedings in the above-entitled matter were adjourned.]

C E R T I F I C A T E

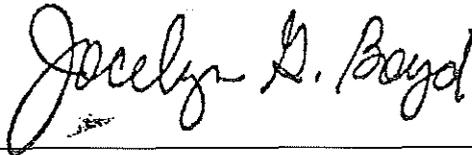
I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an allowable ex parte proceeding held in the above-captioned matter.

Given under my hand, this the 26th day of August, 2010.



Jo Elizabeth M. Wheat, CVR-CM-GNSC

ATTEST:



Jocelyn G. Boyd,
CHIEF CLERK/ADMINISTRATOR