



John R. McArthur
Senior Vice President
General Counsel and Secretary
Progress Energy, Inc.

March 11, 2008

Mr. H. Glenn Dunn
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Dear Glenn:

In response to your letter of February 12, 2008, I would like to update you on Progress Energy's plans. In January 2006 we announced the potential expansion of the Harris site to include two possible additional reactors to meet the growing energy demand in the region. In support of that plan, a Combined Operating License Application (COLA) was filed with the Nuclear Regulatory Commission on February 19, 2008. We expect the review of this application to take approximately three years.

With this pending application and the review process underway, there will be an extensive Environmental Impact Study (EIS) that will require coordination among various public entities including the nearby communities, Western Wake Partners, neighboring municipalities and state and federal agencies.

With regard to the questions from the Western Wake Partners:

1. *Is there a legal basis that would preclude the Partners' condemnation of the Progress Energy owned portion of any of those three sites due to Progress Energy's ownership and current use/purpose of the land?*

RESPONSE:

Progress Energy's understanding of the North Carolina laws of eminent domain is that, current use notwithstanding, a public condemnor cannot condemn utility property that is needed for the provision of utility service.

2. *Is any of the Progress Energy land within any of those three sites currently used as mitigation for some other Progress Energy project?*

RESPONSE:

The land within those three sites is not currently being used as mitigation. However, until the completion of the COLA review and Environmental Impact Study, there is no way to be certain of the extent or magnitude of the mitigation that will be required.

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Glenn Dunn

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It is Progress Energy's recommendation that Western Wake Partners proceed with appropriate due diligence and analysis as required. Recognizing the critical nature of the Western Wake wastewater treatment facility, we will assist to the extent feasible.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. McArthur". The signature is written in a cursive style with a long horizontal flourish extending to the right.

John R. McArthur